

REFEREE'S REVIEW

Program:	Corporate Finance
Student:	Vladimirov Dmitrii
Title of thesis:	Relationship between loan loss provisions and bank financial measures before loan loss provisions: practices of Russian banks

Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis. Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	5			
Structure and logic of the text flow. Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.	5			
Quality of analytical approach and quality of offered solution to the research objectives. Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5			
Quality of data gathering and description. Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	5			
Scientific aspect of the thesis. Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	5			
Practical/applied nature of research. Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	4			
Quality of thesis layout. Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.	5			

Each item above is evaluated on the following scale, as applicable: 5 = the thesis meets all the requirements, 4 = the thesis meets almost all the requirements, 3 = a lot of the requirements are not met in the thesis, 2 = the thesis does not meet the requirements.

Additional comments:

The idea of the study is very interesting and really actual for the Russian bank system. Therefore the topic of the thesis is relevant. This type of study could make a contribution to existing studies and help to provide managerial implications.

The research goal of this paper is to assess whether Russian banks adjust loan loss provisions via discretionary component, to identify underlying motives for these adjustments and propose managerial applications on the basis of obtained results.

Research objectives of the paper are the following:

- scrutinize the grounds of loan loss provisioning regulation in Russia and provide the evidence of presence of managerial discretion over estimation of provisions
- scrutinize the motivation for adjusting loan loss provisions for Russian banks and provide an overview of scientific research papers devoted to such adjustment practices worldwide
- conduct empirical study to examine whether Russian banks use discretion in provisions' estimation and what is the key underlying motivation
- analyze empirical results and deduce inferences.

The structure in general is logical. Introduction contains all necessary elements. The topic is justified; goal and objectives, methodology and research object and subject are clarified in this part. In the first and second chapters the author provides an explicit overview of loan loss provisioning according to Russian standards and show that these standards are, in general, similar to those of Basel. Chapter 3 is

devoted to description of methodology used, sample and data. In the next part of the paper the author presents empirical results, their discussion, conclusions.

The hypothesis stated is adequate for this research.

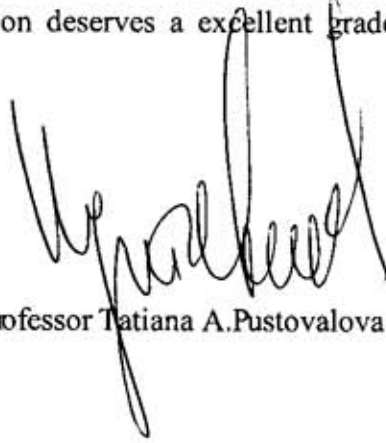
The methodology is relevant: regression analysis.

The thesis has a research nature and contains practical implications.

The data collected and processed seems to be valid. Estimation results are described and analyzed.

The quality of analytical approach could be evaluated as good. The quality of the thesis content could be evaluated as good.

Master thesis of Dmitrii Vladimirov meets the requirements of MCF program, and according to the reviewer's opinion deserves a excellent grade (ECTS grade B), thus the author can be given the desired degree.



14.06.2015

Referee: Associate professor Tatiana A.Pustovalova