

## STATEMENT

**By Prof. Andrey Boyanov Zahariev, PhD**

**on a dissertation on the topic: "Financial analysis of the commercial banks in**

**Bulgaria in the conditions of post-crisis recovery"**

**with author Raya Biserova Dragoeva, PhD student, No D010219218**

Form of doctoral study: Full-time

Department leading the study: Department of "Finance and Credit" at the  
Faculty of "Finance", "D. A. Tsenov" Academy of Economics

Research supervisor: Assoc. Prof. Ludmil Boyanov Krastev. PhD

Doctoral program: "Finance, money circulation, credit and insurance"  
(Finance)

### **I. General presentation of the dissertation and the PhD student**

Raya Dragoeva was enrolled in full-time doctoral studies with Order No. 1086/21.11.2019 and was dismissed with Order No. 1051/01.12.2022. The doctoral studies ended within the term of the individual plan.

The reason for writing the opinion is a decision of the Faculty of Finance (protocol No. 4/November 30, 2022) at the "D. A. Tsenov" Academy of Economics - Svishtov, approved by order of the rector No. 1050/01 December 2022 and the decision of the first meeting of the scientific jury, held on 06.12.2022. The review of the dissertation work was prepared in accordance with the regulatory requirements of ZRASRB and is in accordance with the requirements of "D. A. Tsenov" Academy of Economics - Svishtov for composition and structure of the content.

The dissertation submitted for review has been developed following a classic three-chapter research framework. In the introduction, the problem area of research is presented and justified, as follows: topicality, object, subject, thesis, goal, tasks and methodology. I evaluate the development as meeting the standards and requirements for a dissertation work.

Raya Biserova Dragoeva completed her secondary education in the city of Svishtov – “Dimitar Hadjivasilev” State Commercial High School, majoring in "Operational Accounting". She graduated with a bachelor's degree in "Finance" and a master's degree in "Financial Management" at the Department of "Finance and Credit" in "D. A. Tsenov" Academy of Economics. Professionally, she has experience in the banking sector, having been an intern at "Eurobank Bulgaria" JSC. In 2018, she started working at "Eurobank Bulgaria" AD - Svishtov branch, held position: Expert individual banking. During her undergraduate and graduate studies, she participated in scientific forums and conferences. He is the winner of the prestigious awards: "Gold badge for excellent success, specialty "Finance" (graduation 2014 - 2018)"; Special award in the annual competition "Young Economist - 2021" on the topic "What are the lessons for the economy and education from the COVID-19 pandemic?", organized by the Union of Economists in Bulgaria.

## **II. Assessment of the form and content of the dissertation**

The presented dissertation has a volume of 222 pages and includes an Introduction; Chapter One. Causes of crises in the banking sector in Bulgaria; Chapter two. Nature and role of financial analysis as a methodological toolkit for evaluating the bank's activity; Chapter Three. Financial analysis of commercial banks in Bulgaria in the period of post-crisis recovery. In the conclusion, the main results of the dissertation work are presented. Key summaries are drawn and directions for future research on the topic are formulated.

A bibliographic reference in APA style with 268 titles is presented to the development. The development includes 16 tables and 39 figures. The publicity of the research is ensured through three articles and three scientific reports, with the equivalent of 60 points according to the PPZRAS and meets the minimum standard for registration in the NACID. They are all self-contained

Data from the similarity check system indicates a very high level of



originality with correct citing of the author's research and publications on the PhD plan. Full compliance with the requirements for bibliographic citation and bibliographic description is established. The conclusion is authentic research meeting the highest standards of academic ethics.

The object of research is the financial condition of commercial banks in Bulgaria (first group). Subject of research in the dissertation - it is focused on the key indicators for evaluating the banking activity. With the use of appropriate tools, banks' resilience and ability to adapt to dynamic changes in the economy can be assessed.

Research thesis - the thesis is advocated in the thesis that the banking sector in Bulgaria (in particular the banks of the first group) remains stable even in the conditions of multiple crises, thanks to formed capital buffers and adequately managed balance sheet positions in accordance with the national and European regulatory framework .

PhD Student Raya Dragoeva sets the main goal and tasks of the dissertation as follows: to establish the state and stability of commercial banks in the conditions of economic instability through the tools of financial analysis. In order to achieve the goal thus formulated, the following tasks have been defined: to outline the theoretical and applied aspects of the regulation of the banking sector in Bulgaria, the implementation of the Basel agreements: Basel I, II and III and potentially IV; to conduct a theoretical study of the nature and causes of crises in the banking sector; to highlight the importance of financial analysis as a tool for evaluating banking activity; to review the key indicators and to propose a model for evaluating banking activity; on the basis of the presented model for analysis and evaluation of banks to establish their financial condition.

The methodology of the conducted research is based on the use of a toolkit of scientific and applied methods - comparative analysis, historical method, inductive method, application of rank classification.

Contents and results

In the first chapter "Reasons for the emergence of crises in the banking sector in Bulgaria": The chronology of the emergence and development of banking institutions and banking business is traced. An in-depth study of the Bulgarian regulatory framework and the European regulations for banking supervision was carried out. The opinions of representatives from different theoretical schools and their interpretation of the crises are presented.

In the second chapter "Essence and role of the financial analysis as a methodological toolkit for evaluating the bank's activity" the methodological apparatus of the dissertation is built. It presents the statistical and econometric methods used for the study of the problem. Some basic connections are outlined as a basis for the subsequent analyzes in chapter three.

In the third chapter, "Financial analysis of commercial banks in Bulgaria in the period of post-crisis recovery", the focus is on the processes of consolidation of banking institutions. The results of the empirical part of the study of Bulgarian banks from the first group are presented. The state of commercial banks in our country for the period 2010-2021 was analyzed using financial stability indicators based on a modified model of the CAMEL rating system.

### **III. Scientific and scientific-applied contributions of the dissertation work**

I assess the contributions presented in the abstract as protected, authentic and in line with the achievements in the dissertation work, as follows:

First. On the basis of a comprehensive critical analysis of the current legal regulations concerning banking activity in Bulgaria, their positive influence on preserving financial stability and resilience of banking institutions during crises has been confirmed, which is supported by evidence from the evolution of the credit system in a functional and managerial aspect.

Second. A model based on CAMEL (enhanced by adding additional indicators) was developed to determine the stability of credit institutions. Based on the obtained results, it is proved that the banks are sustainable and are able to cope with the crises



that have arisen.

Third. Basic guidelines have been formulated to improve the credit activity of banks mainly in three directions - expansion of digitalization, climate risks and the risk associated with the growth of non-performing loans (the combination of strategies at the bank level with market-based solutions in which parties from the private sector participate and the public sector, would help to reduce the level of non-performing loans or stricter control over the rating of borrowers).

#### **IV. Dissertation critical notes, questions and recommendations**

Question: From your research on the process of consolidation of commercial banks in Bulgaria, is it possible to establish a limit for the reduction of credit institutions of the first and second groups, and has this limit not already been reached?

#### **Conclusion:**

There is a successful doctoral course leading to a dissertation research with convincing scientific standing, publications and scientific appearances. The support from the supervisor and the department is positive and visible in all directions.

In summary, I form a positive conclusion about the presence of the necessary scientific qualities and vote "FOR" awarding the educational and scientific degree "doctor" to Raya Dragoeva, doctoral program "Finance, money circulation, credit and insurance" (Finance), department "Finance and credit" " at "D. A. Tsenov" Academy of Economics with a dissertation under the title "Financial analysis of the commercial banks in Bulgaria in the conditions of post-crisis recovery".

01/09/2023

Reviewer: .....

(Prof. Dr. Andrey Zahariev)