First of all, we are very grateful for these comments. We are certainly going to take them into account in the development of our revision.

In general, these comments seem to be rather positive, although some remarks and suggestions are reported. One has to do with the possibility of the policy interest rate set by the central bank to be negative. At this stage, we do not have such this feature in the model but we are going through a discussion about the necessity to extend the functioning of the central bank policy rule in this direction.

Another remark is related to the possibility to make the matching probability in the labour market conditional to workers' attributes in order to improve the "realism" of this market in our model. We agree with the author that this feature would improve the modelling framework but, at this stage, we believe this slightly outside the scope of our analysis. Hence, this interesting extension currently is not within the scope of our revision.

Finally, in the comments it is said that we argue that the bankruptcy of many banks is caused by a contraction in the amount of credit supplied. However, this is not what we write in the paper. On the contrary, we argue that the bankruptcy of several banks – particularly the large ones – *causes* a reduction in the credit supply. So the causality is actually reverse with respect to what is suggested in the report.

We thank again the author of these comments and suggestions, which have proven very useful.