Answers to the reviewer:

1) *Explain more clearly the link between the results from this paper and the Francis paper.*

The topic of both papers is analysis of banking crises. Francis paper uses data till year 2001 while we induce subgroups for the period 1976-2011 and evaluate detected subgroups in respect of World Bank good governance indicators for the crises in EU countries in the year 2008. In our analysis we use only World Bank indicators while Francis additionally uses other data sources. The major difference is in respect of the methodology. Francis starts by developing a simple theoretical model that connects financial fragility and quality of governance and then demonstrates the correctness of the model by the available data. Our approach is completely data driven. It starts from available data and the aim is identification of subpopulations of countries with banking crises which have common properties. In spite of different methodology and in spite of partial differences in available data, the most relevant fact is that we agree in the final conclusion that good governance matters for financial stability of a country. The importance of Francis paper is that it demonstrates that this is true for a broad range of indicators, including levels of democracy, bureaucratic quality, and governmental involvement in the economy. The relevance of our finding is a recognition that there exist various types of banking crises and that problems with good governance are characteristic for a relatively small but significant part of crises.

2) *The other main point is to expand a bit on the possible reasons behind some of the results. For instance, why is credit particularly bad when the population is aging (this is not the only instance in which some discussion of possible reasons is needed but it serves as an example). I am not asking to establish causality but at least to propose some possible explanations that can rationalize these results.*

The fact that all induced models include as necessary conditions some demographic and public health indicators is a surprising result. For subgroups 1-3 our interpretation is that the main driving force is actually the increased credit activity that is generally recognized as a risk fact for banking crises. And that increased credit activity is especially dangerous in countries that are not able to absorb these credits for some reason. In the absence of potentially more useful economic indicators, it turned out that low percentage of active population (which is due either to a high percentage of either elderly population in Subgroups 1 and 2 or to very young population partially described by Subgroup 3) is related with low credit absorption power of a country. For subgroups 4-5 the interpretation is that outburst of banking crises correlates with some socioeconomic problems of a country. The origins and causes of problems may be various, including political transition, social conflicts and worsening economic conditions. And again, in the absence of more useful indicators it turned out that indicators like stagnating or decreasing life expectancy and stagnating or increasing children mortality may be signs that socioeconomic problems are present in a country.