

Special Issue: Stress Testing—The Link between Macro and Micro

Introduction

Iman van Lelyveld

Stress Testing Credit Risk: A Survey of Authorities' Approaches

Antonella Foglia

Towards a Framework for Quantifying Systemic Stability

Piergiorgio Alessandri, Prasanna Gai, Sujit Kapadia, Nada Mora, and Claus Puh

Interdependencies between Expected Default Frequency and the Macro Economy

Per Åsberg Sommar and Hovick Shahnazarian

Stress Testing the Enterprise Sector's Bank Debt: A Micro Approach

Eivind Bernhardsen and Bjørne Dyre Syversten

Crash Testing German Banks

Klaus Duellmann and Martin Erdelmeier

Macroeconomic Default Modeling and Stress Testing

Dietske Simons and Ferdinand Rolwes

How to Find Plausible, Severe, and Useful Stress Scenarios

Thomas Breuer, Martin Jandačka, Klaus Rheinberger, and Martin Summer



**Special Issue:
Stress Testing—The Link between Macro and Micro**

Introduction <i>Iman van Lelyveld</i>	1
Stress Testing Credit Risk: A Survey of Authorities' Approaches <i>Antonella Foglia</i>	9
Towards a Framework for Quantifying Systemic Stability <i>Piorgiorgio Alessandri, Prasanna Gai, Sujit Kapadia, Nada Mora, and Claus Pühr</i>	47
Interdependencies between Expected Default Frequency and the Macro Economy <i>Per Åsberg Sommar and Hovick Shahnazarian</i>	83
Stress Testing the Enterprise Sector's Bank Debt: A Micro Approach <i>Eivind Bernhardsen and Bjørne Dyre Syversten</i>	111
Crash Testing German Banks <i>Klaus Duellmann and Martin Erdelmeier</i>	139
Macroeconomic Default Modeling and Stress Testing <i>Dietske Simons and Ferdinand Rolwes</i>	177
How to Find Plausible, Severe, and Useful Stress Scenarios <i>Thomas Breuer, Martin Jandačka, Klaus Rheinberger, and Martin Summer</i>	205

The contents of this journal, together with additional materials provided by article authors, are available without charge at www.ijcb.org.

Copyright © 2009 by the Association of the International Journal of Central Banking. All rights reserved. Brief excerpts may be reproduced or translated provided the source is cited. Consult www.ijcb.org for further information.

The *International Journal of Central Banking* is published quarterly (ISSN: 1815-4654). Online access to the publication is available free of charge at www.ijcb.org. Individual print subscriptions are available at an annual rate of \$100 (USD).

Print subscription orders may be placed online at www.ijcb.org, by phone (+49 69 1344 7623), via fax (+49 69 1344 8553), or by e-mail (editor@ijcb.org).

Renewals, claims, address changes, and requests for permission to reprint material from this journal should be addressed to:

International Journal of Central Banking
DG Research
European Central Bank
Postfach 16 03 19
D-60066 Frankfurt
Germany
Phone: +49 69 1344 7623
Fax: +49 69 1344 8553
E-mail: editor@ijcb.org

The views expressed in this journal do not necessarily represent the views of the Association of the International Journal of Central Banking or any of its members.

ISSN: 1815-4654

International Journal of Central Banking

Board of Directors

Chairman

Charles Bean, *Bank of England*

Board Members

Abdulrahman Al-Hamidy, *Saudi Arabian Monetary Agency*

Jan Marc Berk, *The Nederlandsche Bank*

Vikøren Birger, *Norges Bank*

Claudio Borio, *Bank for International Settlements*

Mohammed Tahar Bouhouche, *Bank of Algeria*

Malcolm Edey, *Reserve Bank of Australia*

Khor Hoe Ee, *Monetary Authority of Singapore*

Manuel Ramos Francia, *Bank of Mexico*

Hans Genberg, *Hong Kong Monetary Authority*

Heinz Herrmann, *Deutsche Bundesbank*

Tor Jacobson, *Sveriges Riksbank*

He Jianxiang, *People's Bank of China*

Juan F. Jimeno, *Bank of Spain*

Ali Hakan Kara, *Central Bank of Turkey*

Ulrich Kohli, *Swiss National Bank*

Donald Kohn, *Federal Reserve Board*

Ana Leal, *Bank of Portugal*

Mario Mesquita, *Central Bank of Brazil*

Vyacheslav Morgunov, *Central Bank of*

Russian Federation

John Murray, *Bank of Canada*

Tom O'Connell, *Central Bank of Ireland*

Fabio Panetta, *Bank of Italy*

Christian Pfister, *Bank of France*

Ivan Ribnikar, *Bank of Slovenia*

Arnor Sighvatsson, *Central Bank of Iceland*

Jan Smets, *National Bank of Belgium*

Wataru Takahashi, *Bank of Japan*

Juha Tarkka, *Bank of Finland*

George Tavlas, *Bank of Greece*

Dobieslaw Tymoczko, *National Bank of Poland*

Editorial Board

Managing Editor

Frank Smets
European Central Bank

Co-editors

Giancarlo Corsetti
European University Institute

Andrew Levin
Federal Reserve Board

Til Schuermann
Federal Reserve Bank of New York

Douglas Gale
New York University

Rafael Repullo
CEMFI

Carl E. Walsh
University of California

Associate Editors

Patrick Bolton
University of Columbia

Michael D. Bordo
Rutgers University

Mark Carey
Federal Reserve Board

Pierre Collin-Dufresne
University of Columbia

Guy Debelle
Reserve Bank of Australia

Michael B. Devereux
University of British Columbia

Douglas W. Diamond
University of Chicago Graduate School of Business

Francis Diebold
University of Pennsylvania

Michael Dotsey
Federal Reserve Bank of Philadelphia

Darrell Duffie
Stanford University

Jordi Galf
Centre de Recerca en Economia Internacional (CREI)

Marvin Goodfriend
Carnegie Mellon University

Charles A.E. Goodhart
London School of Economics

Michael B. Gordy
Federal Reserve Board

Luigi Guiso
European University Institute

Andrew G. Haldane
Bank of England

Takatoshi Ito
University of Tokyo

David Lando
Copenhagen Business School

Philip Lane
Trinity College Dublin

Francesco Lippi
University of Sassari

Carmen M. Reinhart
University of Maryland

Eli M. Remolona
Bank for International Settlements

Hélène Rey
London Business School

Jean-Charles Rochet
University of Toulouse

Andrew K. Rose
University of California, Berkeley

Klaus Schmidt-Hebbel
Organisation for Economic Co-operation and Development (OECD)

Lars E.O. Svensson
Sveriges Riksbank

Jürgen von Hagen
University of Bonn

Ernst-Ludwig von Thadden
University of Mannheim

Tsutomu Watanabe
Hitotsubashi University

Advisory Board

Franklin Allen
The Wharton School of the University of Pennsylvania

Charles Goodhart
London School of Economics

Hyun Shin
Princeton University

Kazuo Ueda
University of Tokyo

Michael Woodford
Columbia University

John Taylor
Stanford University