FOI	REWC	)RD	4
l.	DEC	CISIONS AND ASSESSMENT OF RISKS TO FINANCIAL STABILITY	5
11.	THE REAL ECONOMY AND FINANCIAL MARKETS		7
	II.1	The macroeconomic and financial environment	7
	11.2	The non-financial sector	16
III.	THE FINANCIAL SECTOR		22
	III.1	Developments in the financial sector	22
	III.2	Banking institutions	22
		BOX 1: Analysis of factors which may affect the coverage of loans with increased credit risk (Stage 2)	27
	III.3	Non-bank financial corporations	32
	111.4	Interconnectedness of the financial system	35
IV.	STRESS TESTS		37
	IV.1	Stress tests of banking institutions	37
		BOX 2: Comparison of the degree of stress and the impacts of adverse scenarios	43
	IV.2	Macro stress tests of non-bank financial institutions	46
	IV.3	Stress test of non-financial corporations	52
	IV.4	Household stress test	54
	IV.5	Public finance stress test	56
٧.	MACROPRUDENTIAL POLICY		58
	V.1	The CNB's macroprudential policy instruments	58
		BOX 3: Macroprudential instruments for mitigating risks in non-bank financial institutions	59
	V.2	Structural capital buffers	61
		BOX 4: Structural risks in the banking sector and how macroprudential policy can respond to them	63
	V.3	The countercyclical capital buffer	65
	V.4	Risks associated with property markets	70
		BOX 5: An introduction to the CNB's approach to setting upper limits on the LTV, DTI and DSTI ratios	75
VI.	CHA	<b>ARTBOOK</b>	80
GLOSSARY			94
ABBREVIATIONS			97
SELECTED INDICATORS			100