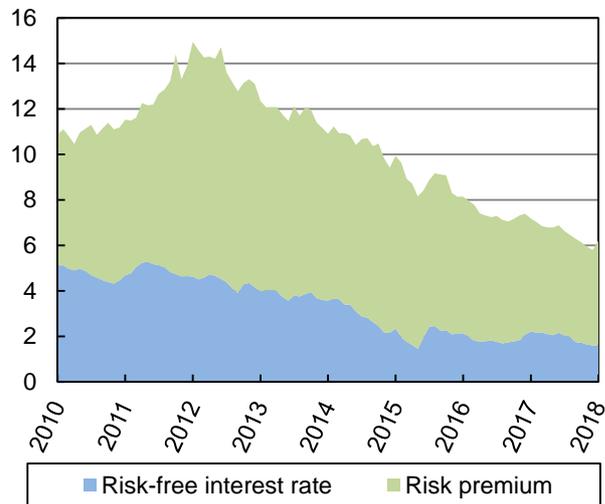


The cost of equity declined in the estimation years due to the decline in the risk-free interest rate and in the banks' risk premiums.

Figure 2
The Components of the Cost of Equity According to the CAPM^a, the Five Banking Groups, 2010–18



^a The banks' risk premium is estimated as β multiplied by the economy's risk level.

SOURCE: Based on the Tel Aviv Stock Exchange, Damodaran tables, and Moody's ratings.