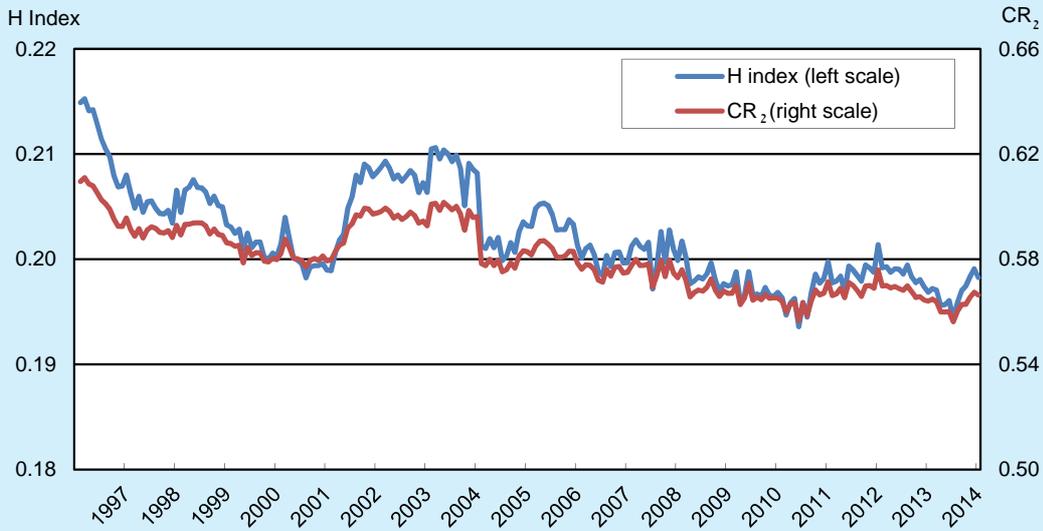


Figure 1.7
Concentration Indices^a: Herfindahl-Hirschman (H) Index, and CR₂ Index^b, 1997–2014^c



^a Both indices are calculated on the total assets of the commercial banks.

^b $H = \sum_{i=1}^n \left(\frac{y_i}{y}\right)^2$: The Herfindahl-Hirschman Index of industry concentration, where y_i = output of bank i (total assets) and y = the industry's output. CR_2 = The market share of the two largest banks in the system.

^c In 2012, the indices were affected, *inter alia*, by the completion of the mergers of Discount Mortgage Bank and Leumi Mortgage Bank into their parent banks.

SOURCE: Based on published financial statements, and reports to the Banking Supervision Department.