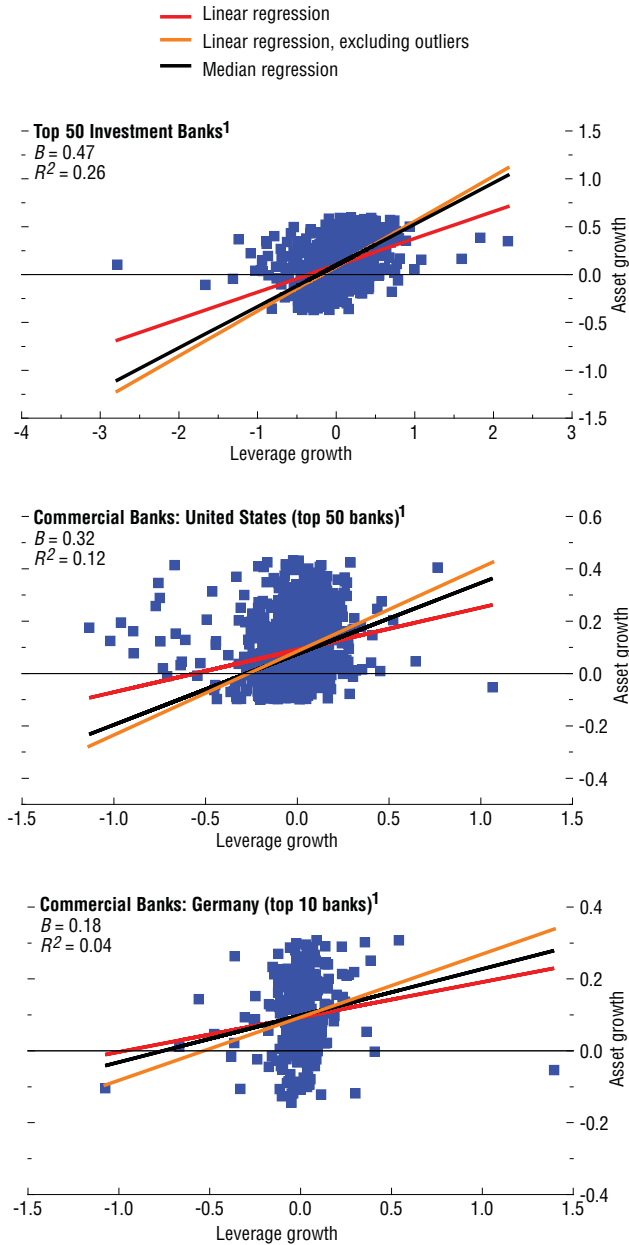


Figure 4.12. The Procyclicality of Leverage in Investment and Commercial Banks

(Annual change, percent)

Investment banks' leverage (assets divided by equity) is procyclical; for commercial banks, the evidence is mixed across countries.



Sources: Bankscope; and IMF staff calculations.
¹ B and R^2 refer to the linear regression, excluding outliers, of asset growth over leverage growth.