Figure 1: Three Modes of Leveraging up

Mode 1: Increased leverage resulting from equity buyback

Mode 2: Increased leverage resulting from fall in asset value

Mode 3: Increase borrowing to fund asset growth
Figure 1: Two year changes in assets, equity, debt and risk-weighted assets of Barclays (Source: Bankscope)

Barclays: 2-year change in assets, equity, debt and risk-weighted assets (1992–2010)

\[ y = 0.9974x - 0.175 \]

\[ R^2 = 0.9998 \]