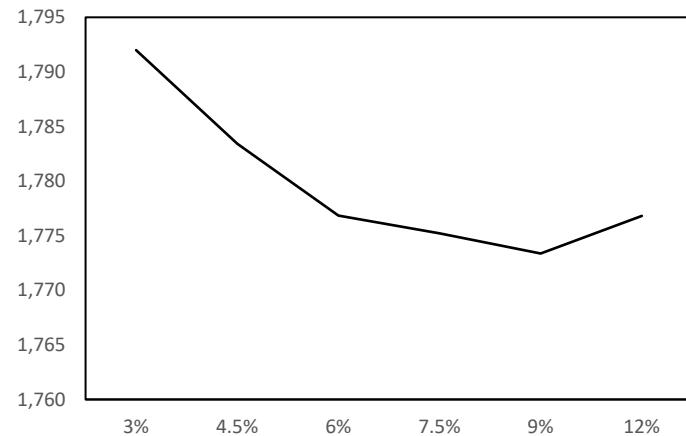
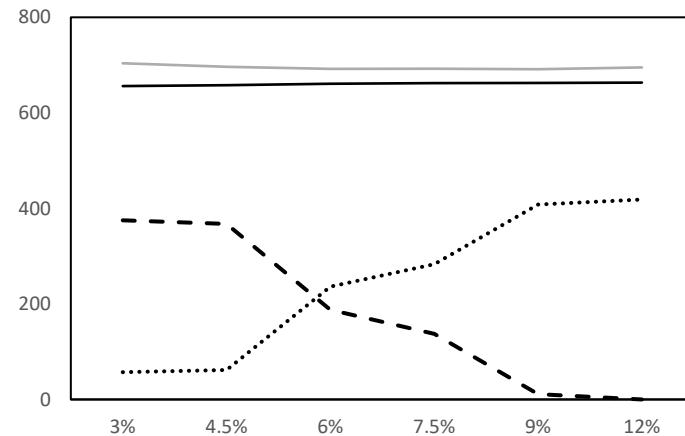


**Figure A4: Counterfactual Analysis – Capital Requirements with Jumbo Securitization**

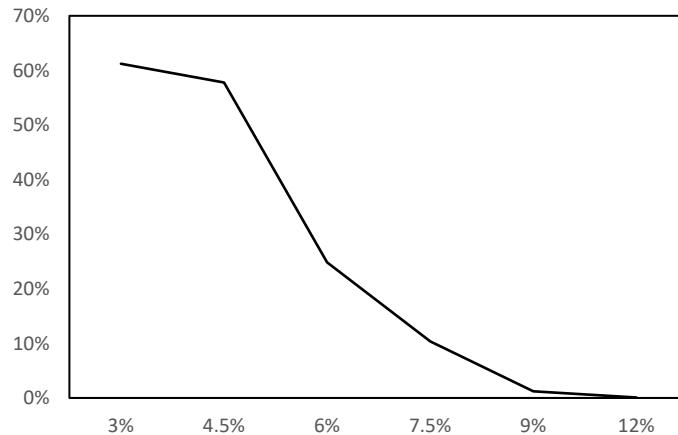
Panel A shows aggregate mortgage origination volume (in \$ billions) across various bank capital ratio requirements (in %). Panel B shows the composition of aggregate lending (in \$ billions) split by the shadow bank conforming lending volume (black line), bank conforming lending volume (grey line), balance sheet jumbo (dashed), and securitized jumbo (dotted) versus various bank capital ratio requirements. Panel C shows the percentage of loans that are retained on banks' balance sheets across various capital requirements. In all cases, jumbo loans can be securitized at a 25bp spread over conforming loans.



(a) Overall lending volume (\$ billions)



(b) Shadow bank conforming (black), bank conforming (grey), balance sheet jumbo (dashed), and securitized jumbo (dotted)



(c) Balance sheet financing share (in %)