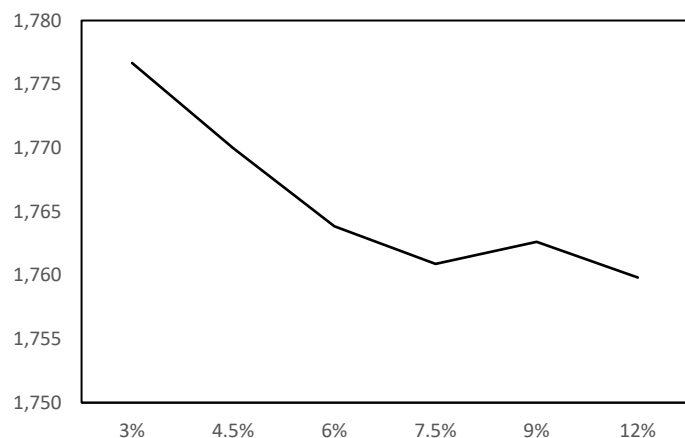
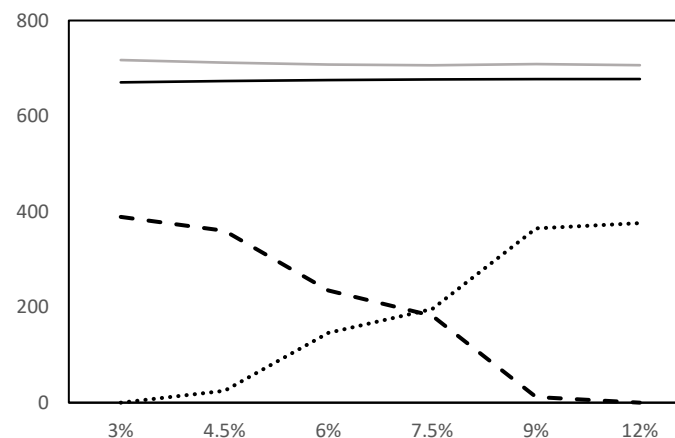


### Figure A3: Counterfactual Analysis – Capital Requirements with Equity Issuance

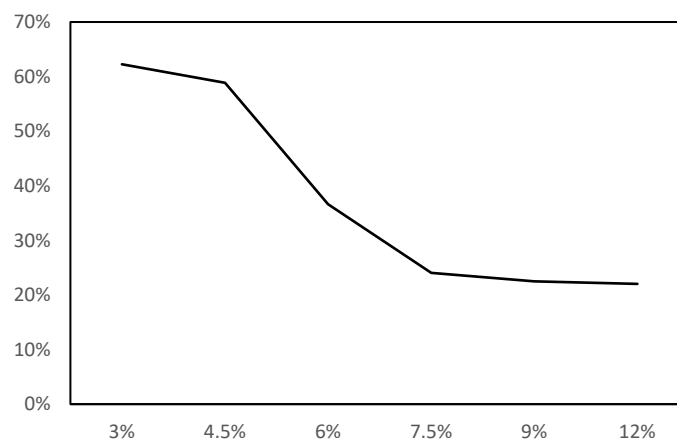
Panel A shows aggregate mortgage origination volume (in \$ billions) across various bank capital ratio requirements (in %). Panel B shows the composition of aggregate lending (in \$ billions) split by the shadow bank conforming lending volume (black line), bank conforming lending volume (grey line), jumbos financed with existing equity (dashed), and jumbos financed with new equity (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, equity can be issued at a 25bp spread over conforming securitization costs.



(a) Overall lending volume (\$ billions)



(b) Shadow bank conforming (black), bank conforming (grey), jumbo with existing equity (dashed), and jumbo with new equity (dotted)



(c) Balance sheet financing share (in %)