

(a) Balance Sheet Mechanics

Equivalence: bank balance sheet unchanged
if CB lends back at $r_{CB} = r_D$

Pre-CBDC Bank Balance Sheet

| Assets | Liabilities |
|---------------|------------------|
| Loans 100B | Deposits 100B |

Deposit
flight
30B

Post-CBDC Bank Balance Sheet

| Assets | Liabilities | Public Holdings |
|---------------|-----------------|----------------------|
| Loans 100B | CB Funding 30B | CBDC |
| | Deposits 70B | CBDC Holdings 30B |

CB pass-through
funding 30B

(b) Equivalence Parameter Space

