**Main MATLAB Files:**

1. *Model\_static.m* – solves the model in the static setting, plots Figure 2.
2. *Model\_infinite.m* – solves the model in the infinite setting, plots Figures 3 and 4.
3. *Iterative\_game\_new.m* – implements the interactive game between the bank and the state. It explores the solutions depending on 'c' and 'b'.
4. *Iterative\_game\_new\_delta.m* – implements the interactive game between the bank and the state. It explores the solutions depending on 'delta'.
5. *fun\_iter\_new.m* – function which solves the model in finite setting for given set of parameters

**Auxiliary or old MATLAB Files:**

1. *Model\_finite.m* – solves the model in finite setting, but only starts to implement the interaction between the state and the bank. The state’s and the bank’s problems are solved separately, then bank’s switching of probabilities is implemented, then bank’s reevaluation is implemented. In this file the probabilities for the state are unbounded, so the solutions are often implausible.
2. *Model\_finite\_bounded.m* – is the same as Model\_finite.m except all the probabilities are bounded by the interval [0,1] so that the solutions are plausible.
3. *Num\_Den\_check.m* – checks the behavior of pi\_bar depending on the value of v
4. *fun\_finite.m* – solves the model in finite case, but ignores interactions between bank and state.
5. *fun\_finite\_switch.m* – same as fun\_finite.m, but the bank is assumed to switch to state’s threshold probability whenever the latter exceeds theoptimal pi for the bank.
6. *Sensitivity\_finite.m* – investigates sensitivity of the solutions to varying b, c, and Rmax, but it uses the old function fun\_finite.m .
7. *fun\_numer.m* – calculates the critical value (maximum) for b such that the numerator for pi\_state is <=0.
8. *fun\_numden\_anal.m* – analytical check of the first three critical values of b for numerator and denominator.
9. *fun\_denom.m* – calculates the critical value (maximum) for b such that the denominator for pi\_state is <=0.
10. *fun\_c\_thresh.m* – implements the solution for c such that the state is indifferent between saving and not saving the bank.