





A BANK'S "T" ACCOUNT



Deposits

Loans

Reserves

$$\text{Capital} = \text{Assets} - \text{Liabilities}$$

These funds do not  
belong to the bank,  
they belong to  
Depositors

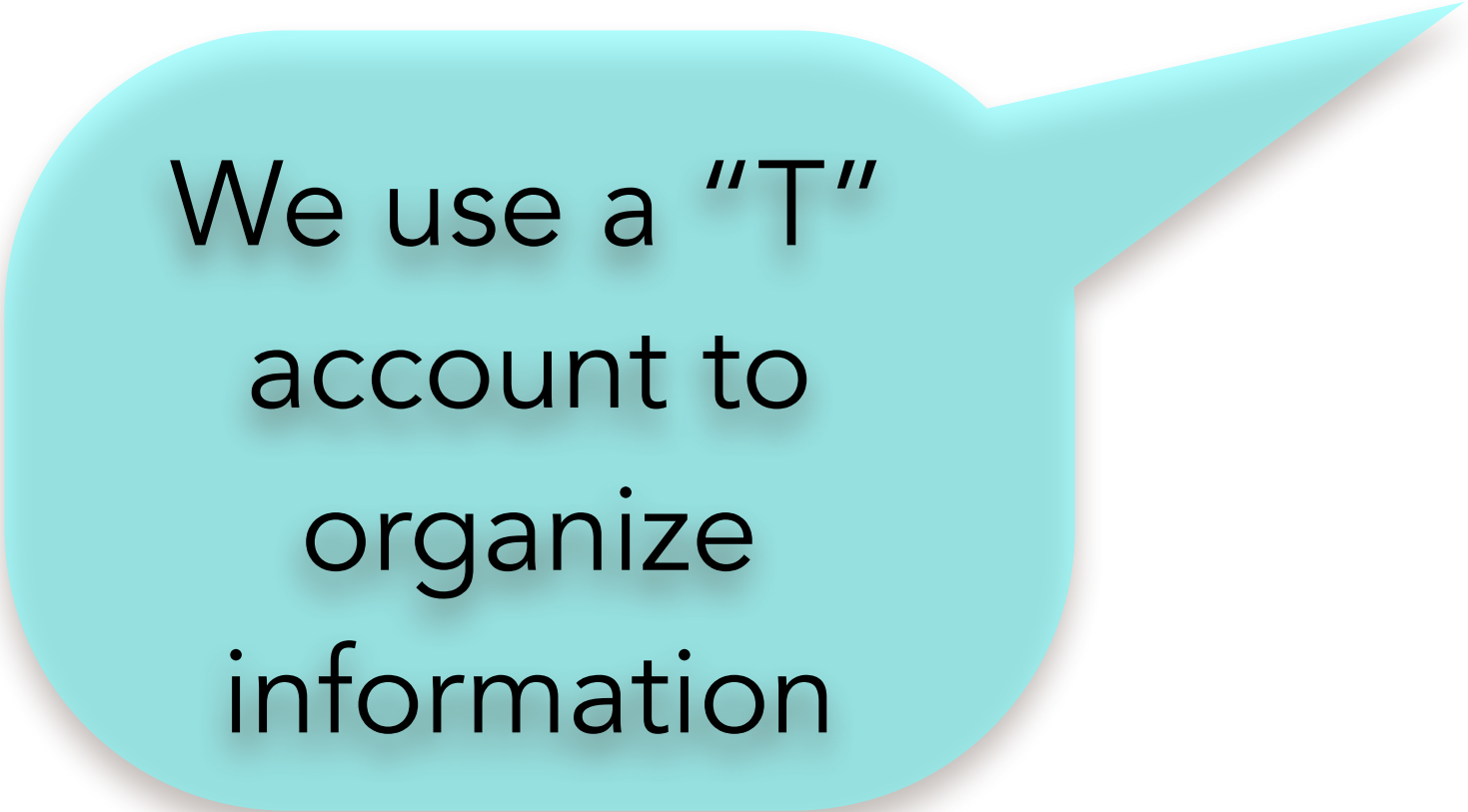


Money borrowers  
owe to banks


# Assets

# Liabilities

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We use a "T"  
account to  
organize  
information



On the  
"Assets" side  
we list what the  
bank **owns**

The cash the bank  
holds to pay  
withdrawals

A large, light pink speech bubble with a pointed tail pointing towards the top-left corner of the image. The bubble has a subtle drop shadow, giving it a 3D appearance. Inside the bubble, the text is centered and reads: "On the 'Liabilities' side we list what the bank owes".

On the "**Liabilities**"  
side we list what the  
bank **owes**

# A BANK'S "T" ACCOUNT

We use a "T" account to organize information

On the "**Assets**" side we list what the bank **owns**

Assets	Liabilities
<b>Reserves</b> The cash the bank holds to pay withdrawals	<b>Deposits</b> These funds do not belong to the bank, they belong to Depositors
<b>Loans</b> Money borrowers owe to banks	

On the "**Liabilities**" side we list what the bank **owes**

$$\text{Capital} = \text{Assets} - \text{Liabilities}$$