

A BANK'S "T" ACCOUNT

Deposits

Loans

Reserves

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

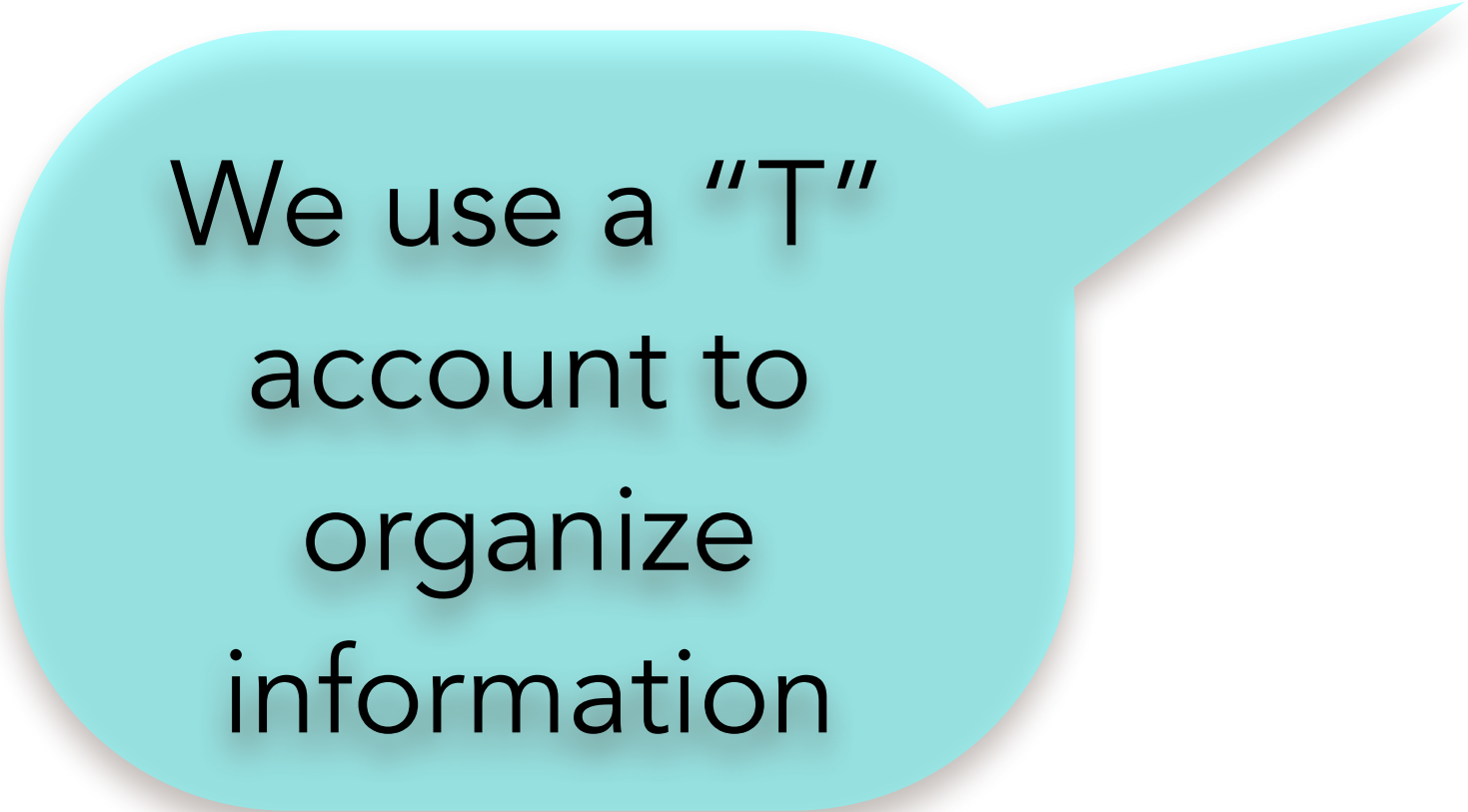
These funds do not
belong to the bank,
they belong to
Depositors

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 on the left side, containing black text. 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
Reserves The cash the bank holds to pay withdrawals	Deposits These funds do not belong to the bank, they belong to Depositors
Loans Money borrowers owe to banks	

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

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