

A BANK'S "T" ACCOUNT

Deposits

Loans

Reserves

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

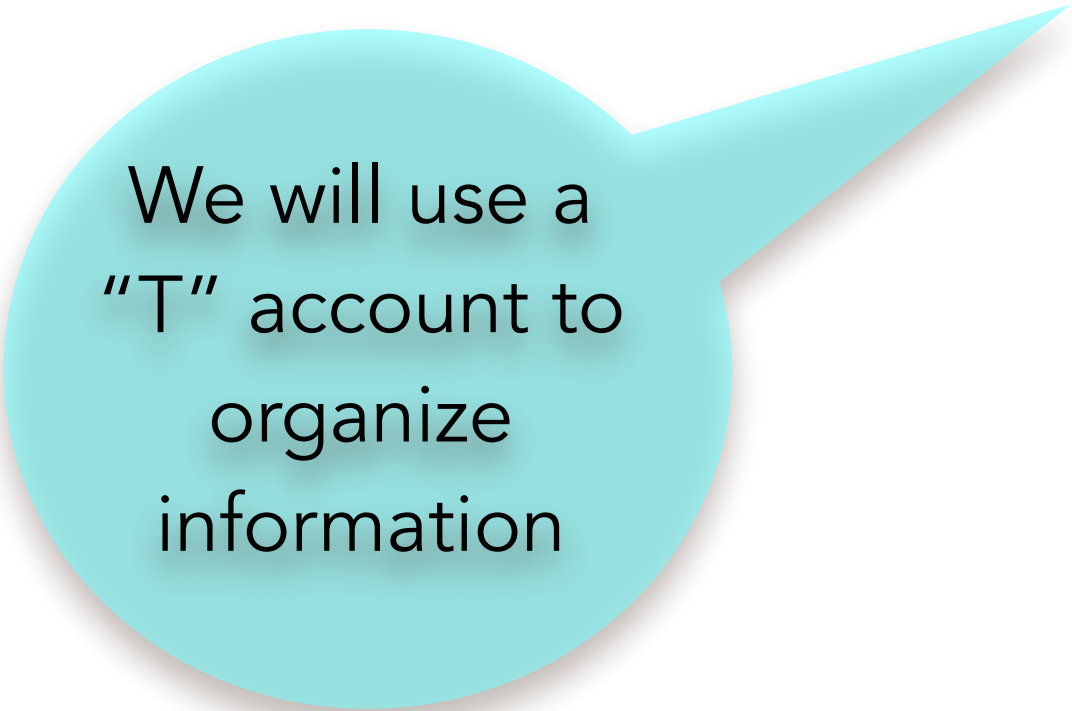
These funds do not
belong to the bank,
they belong to
Depositors

Money borrowers
owe to banks


Assets

Liabilities

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We will use a
"T" account to
organize
information



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

The cash the bank
holds to pay for
withdrawals

A pink speech bubble with a circular body and a pointed tail pointing towards the top-left corner. The bubble has a subtle drop shadow.

On the
“Liabilities” side
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A BANK'S "T" ACCOUNT

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Assets
Reserves The cash the bank holds to pay for withdrawals
Loans Money borrowers owe to banks

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

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Example: The following values are
given

