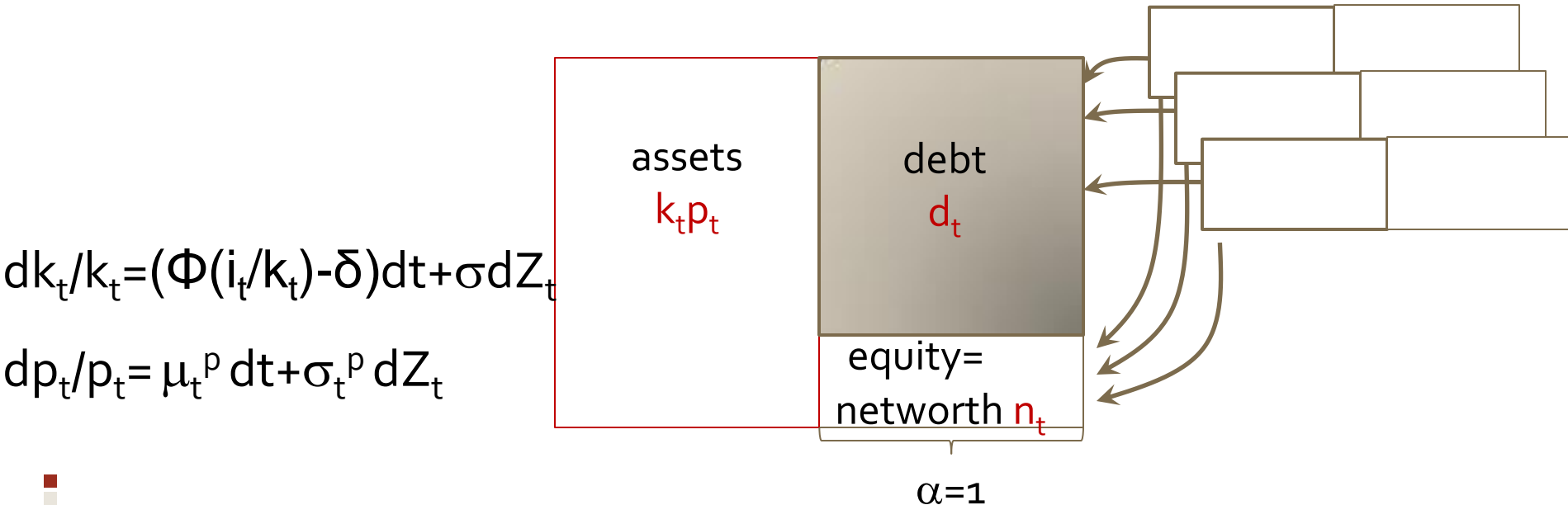


Balance sheet dynamics

- Productive
- Intermediary
- Less productive



Product rule of Ito's Lemma:

$$d(X_t Y_t) = dX_t Y_t + X_t dY_t + \sigma_X \sigma_Y dt$$