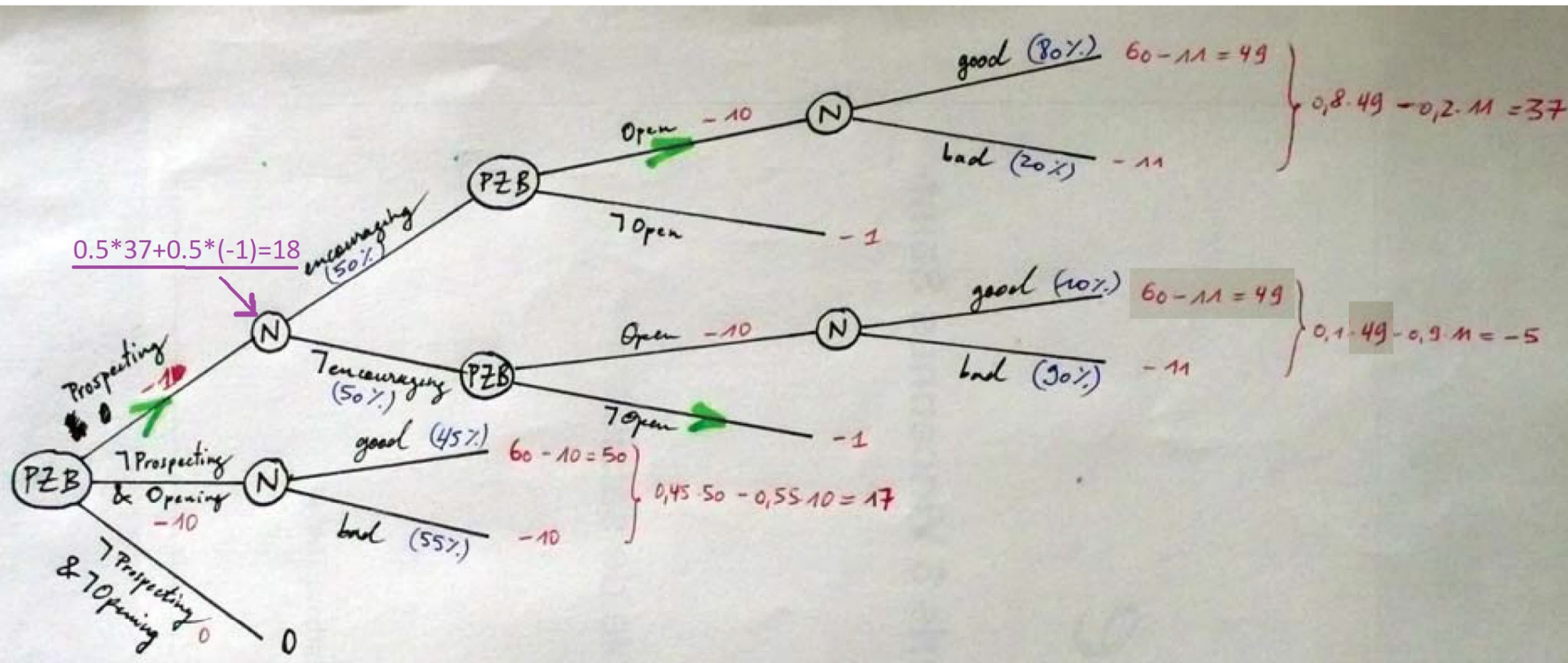


Exercise 5: Paris-Zurich Bank choice of opening branch in Shanghai



The optimal strategy consists in first prospecting, then if conditions are encouraging "open" not "not open".
 The expected payoff of such a strategy is: $0.5 \cdot 37 - 0.5 \cdot 1 = 18$ million.