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Location: Santiago, Chile.

Business Knowledge - Bank and Insurance

Inflation: Inflation is a general increase of the prices of goods and services in an economy. This is usually measured using the consumer price index (CPI). In Chile the index which captures the inflation is the IPC.

GDP: Gross domestic product (GDP) is a monetary measure of the market value of all the final goods and services produced in a specific time period by a country or countries. GDP is most often used by the government of a single country to measure its economic health. Due to its complex and subjective nature, this measure is often revised before being considered a reliable indicator. GDP in Spanish is PIB.

IMACEC: In Chile the IMACEC is an estimate that summarizes the activity of the different sectors of the economy in a given month, at prices from the previous year; Its interannual variation constitutes an approximation of the evolution of GDP.

UF: The development unit (UF) is a unit of account used in Chile, readjustable according to inflation. Its original purpose was the revaluation of savings in accordance with inflation variations, allowing the money saved in banks and savings banks to maintain their purchasing power. Later, its use was extended to the credit system.

Debit account: A debit to your bank account occurs when you use funds from the account to buy something or pay someone. When your bank account is debited, money is taken out of the account. The opposite of a debit is a credit, in which case money is added to your account.

Current account: A current account is a bank account where you can store and withdraw money. Often the current account have a line of credit if the account left without balance.

Line of credit: Is a preset borrowing limit that can be tapped into at any time. The borrower can take money out as needed until the limit is reached. As money is repaid, it can be borrowed again in the case of an open line of credit.

Credit account: A credit account is an open account that a buyer has with a supplier or store, under which the buyer can make purchases and pay for them at a later date. This is essentially a no-interest accounts receivable arrangement but in occasions the supplier or store can charge interests. Historically, this was a handwritten ledger in which was stated all sales to a customer, offset by all payments made by the customer.

Consumer credit: Consumer credit, or consumer debt, is personal debt taken on to purchase goods and services. Although any type of personal loan could be labeled consumer credit, the term is more often used to describe unsecured debt of smaller amounts. Its aimed at people.

Mortgage credit: This type of credit allows people to purchase a home.

It is a medium or long-term loan that is granted for the purchase, expansion, repair or construction of a home, purchase of sites, offices or commercial premises.

In this case, the acquired property remains as collateral or "mortgaged in favor of the Bank to ensure compliance with the credit and that is why this credit bears that name.

However, a mortgage loan can also be granted "for general purposes", that is, to use the money in the projects that the client receiving the loan wishes to carry out.

Commercial credit: Commercial credit is a pre-approved amount of money issued by a bank to a company that can be accessed by the borrowing company at any time to help meet various financial obligations.

Provision for credit losses: The provision for credit losses (PCL) is an estimation of potential losses that a company might experience due to credit risk. The provision for credit losses is treated as an expense on the company's financial statements. They are expected losses from delinquent and bad debt or other credit that is likely to default or become unrecoverable.

Banking reserve: Bank reserves are that percentage of deposits placed in a fixed-term, current account or savings account that commercial banks must leave frozen in a current account that the entities have open at the Central Bank.

AEC: The Annual Equivalent Charge is a percentage indicator that includes the interest, expenses and insurance associated with the credit expressed annually that allows the objective comparison of the cost of credit between entities. In Spanish is CAE.

Revolving credit: Revolving credit can be defined as a line of credit granted by a financial institution to a client, with an established limit that can be used for a certain time.

Composition of interest rate:

$$\text{Interest rate} = \text{fund cost} + \text{provisions} + \text{intermediation costs} + \text{profits}$$

Default, defeated and punishment:

- Default: $30 \text{ days} < \text{debt} \leq 90 \text{ days}$.
 - Defeated: $90 \text{ days} < \text{debt} \leq 180 \text{ days}$.
 - Punishment: $180 \text{ days} < \text{debt}$.
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Leasing: It consists of a rental contract for furniture (for example, vehicles) and real estate equipment (for example, offices) by a specialized company, which immediately rents it to a client who undertakes to buy what has been rented in the end date of the contract.

Factoring: It is a contract through which a company transfers the invoices it has issued and in exchange obtains the money immediately.

Confirming: Confirming is a financial service that allows you to manage a company's payments to its suppliers. The financial entity that offers Confirming advances the amount of the invoice in question to the supplier, who may collect this invoice in advance by financing it, before its due date.

Premium of an insurance: The premium is the price of the insurance. The policyholder (also called the insured) is obliged to pay the premium in accordance with the conditions stipulated in the insurance policy.

Accident rate: It is the proportion that exists between the cost of the claims produced covered by Group Insurance and the total volume of the premium accrued at the time of measurement.

Insurance deductible: The deductible is the sum of money that will always be your responsibility in the event that your insured car suffers any damage.

OKR: "OKR" stands for Objectives and Key Results. OKRs are an effective goal-setting and leadership tool for communicating what you want to accomplish and what milestones you'll need to meet in order to accomplish it. OKRs are used by some of the world's leading organizations to set and enact their strategies.

KPI: Key performance indicators (KPIs) are targets that help you measure progress against your most strategic objectives. While organizations can have many types of metrics, KPIs are targets that are "key" to the success of your business.

PM: Product managers are responsible for defining feature requirements and the desired user experience. You work closely with engineering on the technical specifications, and ensure that cross-functional teams have all of the information they need to deliver a complete product to market.

PO: A product owner is responsible for ensuring the success of a project in Scrum. The product owner is responsible for managing and optimizing the product backlog in order to maximize the value of the product.

Taxes: Contributory Capacity is one of the most accepted theories about why to pay taxes and who should pay them. To the question of how much each subject must pay in taxes, this theory indicates that each citizen will pay taxes in relation to his or her economic power. This is based on three parameters or indicators:

- People who have the most.
- People who earn the most.
- People who consume the most.

Clasification of taxes:

- Indirect taxes.
- Direct taxes.
- Other taxes.

Indirect taxes: Tax that is applied for the use of wealth on people and, therefore, indirectly. Taxes are indirect on sales, property, alcohol, imports, gasoline, etc.

Examples:

- Sales and Services Tax.
- Tax on Luxury Products.
- Tax on Alcoholic and Non-alcoholic Beverages and Similar Products.
- Tobacco Tax.
- Fuel Tax.
- Tax on Legal Acts (Stamps and Stamps).
- Foreign Trade Tax.

Direct taxes: These are taxes that are applied directly to the owner of the income or wealth who pays them, so that it is possible to recognize who paid it and its amount. Among direct taxes are those contemplated in the Income Law, such as taxes on company profits or personal taxes:

- First Category Income Tax (Salary tax associated to enterprises).
- Second Category Single Tax (Salary tax associated to people).
- Complementary Global Tax.

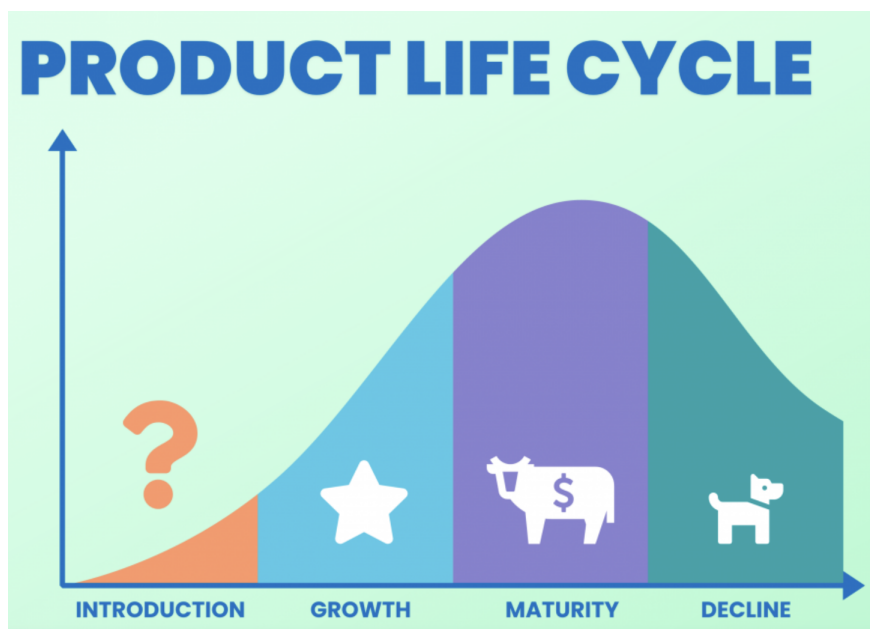
Other taxes: In this category, we can point out other taxes that generally escape the classification proposed from the point of view of expenditure and income.

- Land Tax.
- Inheritance, Allocations and Donations Taxes.
- Municipal taxes.
- Taxes on Gaming Casinos.

Difference enterprise and corporation: Enterprise have sole owners, therefore, the owners are the direct owners. While the owners of the corporations are the ones who acquire their shares, a limited liability company.

BCG Matrix: The Boston Consulting Group (BCG) growth-share matrix is a planning tool that uses graphical representations of a company's products and services in an effort to help the company decide what it should keep, sell, or invest more in.

The matrix plots a company's offerings in a four-square matrix, with the y-axis representing the rate of market growth and the x-axis representing market share. It was introduced by the Boston Consulting Group in 1970.



SWOT Analysis: SWOT (strengths, weaknesses, opportunities, and threats) analysis is a method for identifying and analyzing internal strengths and weaknesses and external opportunities and threats that shape current and future operations and help develop strategic goals.

SWOT ANALYSIS



EBITDA: EBITDA, or earnings before interest, taxes, depreciation, and amortization, is an alternate measure of profitability to net income. By including depreciation and amortization as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by the company's operations.

$$\text{EBITDA} = \text{Net Income} + \text{Taxes} + \text{Interest Expense} + \text{D \& A}$$

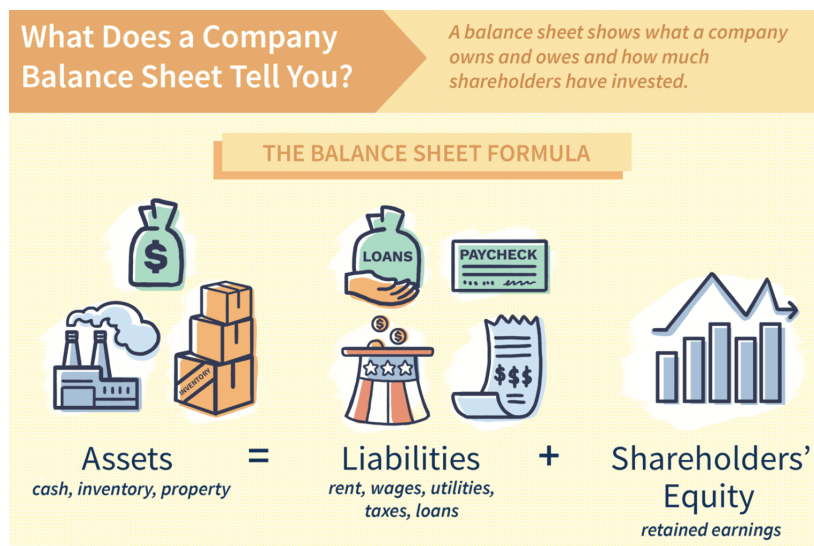
$$\text{EBITDA} = \text{Operation Income} + \text{D \& A}$$

$$\text{D \& A} = \text{Depreciation and amortization}$$

Balance sheet: The term balance sheet refers to a financial statement that reports a company's assets, liabilities, and shareholder equity at a specific point in time. Balance sheets provide the basis for computing rates of return for investors and evaluating a company's capital structure.

In short, the balance sheet is a financial statement that provides a snapshot of what a company owns and owes, as well as the amount invested by shareholders. Balance sheets can be used with other important financial statements to conduct fundamental analysis or calculate financial ratios.

$$\text{Assets} = \text{Liabilities} + \text{Shareholders' Equity}$$



Profit Margin: Profit margin is a common measure of the degree to which a company or a particular business activity makes money. Expressed as a percentage, it represents the portion of a company's sales revenue that it gets to keep as a profit, after subtracting all of its costs.

Derivative: The term derivative refers to a type of financial contract whose value is dependent on an underlying asset, group of assets, or benchmark. A derivative is set between two or more parties that can trade on an exchange or over-the-counter (OTC).

Forwards: Contract between two parties, by which both parties agree to exchange a specific asset or a price index on a specific asset, in the future, at a price that is determined in advance.

SWAP: Derivative financial contract, between two parties, who agree to exchange future cash flows, according to a pre-established formula.

Futures: Standardized contracts, traded on the Stock Exchange, referring to a defined asset, where the parties undertake to buy or sell on a future date, a determined number of this asset at a value that is set herein.

Options: Contracts, traded on the Stock Exchange, through which the buyer or holder acquires at a certain value the right, but not the obligation, to buy or sell at a predetermined price, and during an established period, a certain amount of an asset.

Bonuses: Medium and long-term debt instruments issued by corporations and other types of entities.

5 Porter forces:

