



Baltic International Bank

IDENTIFICATION OF BALTIC INTERNATIONAL BANK SE TARGET MARKET FOR TRANSACTIONS IN FINANCIAL INSTRUMENTS (TARGET MARKET CRITERIA).

Baltic International Bank SE (Bank) adheres to the target market requirements outlined in the DIRECTIVE 2014/65/EU OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL and COMMISSION DELEGATED DIRECTIVE (EU) 2017/593 here together referred to as the Directives, transposed into national legislation of the Republic of Latvia, namely, the Financial Instruments Market Act [*Finanšu instrumentu tirgus likums*] and has developed the relevant criteria and the description thereof. The requirements relate to the determination of the target markets for transactions in financial instruments. Bank has developed relevant criteria and the description thereof. Before the provision of investment services (core services) and ancillary (non-core) services, Bank carries out the assessment of appropriateness, i.e. assesses if the respective financial instrument chosen by client (investor) is appropriate for the client. Bank executes client orders for transactions in financial instruments only on client's initiative. Thus, Bank does not assess whether a target market is appropriate to client. Before making the investment decision, client can also assess whether he falls within (fits into) the respective financial-instrument target market.

Bank does not provide investment advice. In certain instances, Bank is not able actually to ascertain whether a particular client falls within the respective financial-instrument target market. If client is willing to buy the respective financial instrument on his own initiative, Bank provides the client with the minimum information that is sufficient under the Directives. Therefore, client should assess whether he fits into the respective financial-instrument target market.

Bank has identified the target market for the financial instruments that Bank manufactures and/or distributes and has specified the following information:

1. the level of complexity of the financial instruments;
2. the status of client to whom the financial instrument is targeted (according to the Financial Instruments Market Act);
3. client's knowledge and experience in dealing with financial instrument;
4. client's financial condition, with a focus on capacity for loss (the amount of loss that client can actually afford to bear);
5. client's risk tolerance and compatibility of the risk/reward profile of the product with the target market;
6. client's objectives and needs.

As far as Bank's services, such as portfolio management, issuance of clients' bonds, CFDs, forex instruments, swaps and forwards are concerned, any client who is willing to deal in the said investment products is treated as a client falling within Bank's target market.

The description contained herein is for informative purposes only. You should not construe, regard or rely upon this information as advice, recommendation or offer or solicitation to conduct transactions in financial instruments or conclude any agreements on the provision of investment services.

For further information, please contact Bank or your private banker.



Baltic International Bank

TARGET MARKET IDENTIFICATION MATRIX

x	fits into the target market
	does not fit into the target market

Name of product group (FI)	1		2			3			4				5				6							
	Level of complexity		Client category			Client's knowledge and experience			Client's financial condition				Level of product-specific risk				Client's needs							
	Non-complex FI	Complex FI	Retail	Professional	ECP	Basic	Seasoned	Professional	Losses unacceptable	Minim. loss	Non-capital-guaranteed	Loss exceeding amount invested	Low	Moderate	High	PRIP	Capital protection	Tenor: Short/Medium/Long	Appreciation	Tenor: Short/Middle/Long	Speculation/Income	Tenor: Short/Middle/Long	Hedging	Tenor: Short/Middle/Long
Stocks	x		x	x	x	x	x	x			x	x			x				x	Mid/ Long	X	Short/ Mid		
UCITS Funds	x		x	x	x	x	x	x			x	x		x					x	Mid/ Long	X	Short/ Mid		
NON-UCITS Funds		x	x	x	x		x	x			x	x			x				x	Mid/ Long	X	Short/ Mid		
Complex ETFs		x	x	x	x		x	x			x	x			x						X	Short/ Mid	x	Short/ Mid
Bonds	x	x	x	x	x	x	x	x			x	x	x	x	x		x	Mid/ Long	x	Mid/ Long	X	Short/ Mid		
Complex bonds (CoCos, Hybrid)		x	x	x	x		x	x			x	x			x						X	Mid/ Long		
Derivative FI		x	x	x	x		x	x			x	x			x						X	Short/ Mid	x	Short/ Mid
Margin FX		x		x	x			x			x	x			x						X	Short/ Mid	x	Short/ Mid



Baltic International Bank

TARGET MARKET CRITERIA

Criterion No	Criterion	Variants of the criterion	Narrative description of the variants
1	Levels of complexity of financial instruments	Non-complex financial instruments	https://www.bib.eu/uploads/2017/02/Vienkarso-finansu-instrumentu-saraksts-ENG.pdf
		Complex financial instruments	financial instruments that do not fall within the definition of "non-complex financial instruments"
2	The status of client to whom the financial instrument is targeted	Retail	client who is not a professional client or an eligible counterparty
		Professional	client <ul style="list-style-type: none">- who possesses experience, knowledge and expertise to make his own investment decision and to properly assess the inherent risks assumed by Client while receiving from Bank Investment Services, and- categorised by Bank as Professional Client in the manner prescribed by the "Client Categorisation and Service Suitability Assessment Policy related to the provision of investment services and ancillary services"
		Eligible counterparty (ECP)	investment firm, credit institution, insurance company, investment management company, investment funds and other licensed financial institutions categorised by Bank as Eligible Counterparties in accordance with the " Client Categorisation and Service Suitability Assessment Policy related to the provision of investment services and ancillary services "
3	Client's knowledge and experience in dealing with financial instrument	Basic-level client	Basic (theoretical) knowledge about financial instruments: client possesses insufficient practical experience in dealing with financial instruments; client is capable of making sound investment decisions based on the documents relating to the regulated and approved offer or based on key information provided by the seller.
		Seasoned-level client	Seasoned /competent client possessing practical experience and knowledge in respect of the financial instruments he is interested in: capable of making sound investment decisions based on the documents relating to the regulated and approved offer while using his knowledge and experience in order to understand risk factors mentioned in the documents.
		Professional-level client	In-depth knowledge of the financial instruments used (all products and services). Client possesses knowledge and practical experience in respect of the financial instruments, investment advice and/or investment portfolio services.
4		Losses are unacceptable	Client cannot tolerate loss of the amount invested. Client can tolerate insignificant losses (in connection with potential costs and expenses).



Baltic International Bank

	Client's financial condition, with a focus on the capacity for loss	Tolerates minimal losses	Client intends to preserve the value of the investment or can tolerate losses up to the amount specified in the product's description.
		Non-capital-guaranteed investment	Client understands that the entire investment (full amount invested) is exposed to risk. Client understands that the product is not designed to offer protection from potential losses.
		Losses exceed the amount invested	Client can tolerate losses exceeding the amount invested. Client's capacity for loss is unlimited.
5	Client's risk tolerance and compatibility of the risk/reward profile of the product with the target market	Low	Client exercises vigilance (is a risk-averse investor) and is ready to tolerate certain swings in the investment's value in exchange for expected appreciation (the increase in the value of the investment) in the long term. Client invests predominantly in financial instruments that have a lower expected future volatility.
		Moderate	Client is ready to tolerate a short-term depreciation (the decrease in the value of the investment) and to accept a lower liquidity in exchange for expected appreciation in the long term.
		High	Client is ready to tolerate substantial swings in the investment's value (even loss of the full amount invested) in exchange for potential maximum profit.
		PRIPs	Summary risk indicator (SRI) from 1 (the lowest risk category) to 7 (the highest risk category) according to the requirements for the development of key information documents (KIDs).
6	Client's objectives and needs	Capital protection	Client's objective is to preserve the investment value while requiring high liquidity with minor or no volatility.
		Appreciation	Client's objective is to achieve appreciation while refusing from the possibilities to generate current income.
		Speculation/ Income	Client's objective is to maximize current income generated by investments while refusing from the potential to achieve appreciation.
		Hedging against risks	Client's objective is to reduce market risk inherent in the underlying asset.
	<i>Short</i>	Short	The planned investment tenor is 1 to 3 years.
	<i>Middle</i>	Middle	The planned investment tenor is 3 to 5 years.
<i>Long</i>	Long	The planned investment tenor is longer than 5 years.	