1. Very low risk product

Raiffeisen BANK

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Product brochure

Hungarian Government Bond Plus

Product description

The Hungarian Government Bond Plus (MAP+) is a tired fixed-rate security issued by the Hungarian State with a basic denomination unit of HUF 1 and term of 5 years. The bond is marketed at a rate of 100% by way of subscription. In addition to using electronic channels, investors can subscribe to government bonds in person in the branch networks of the authorised government securities dealers and at the treasury offices of the Hungarian State Treasury.

The rate of the coupon payable at interest payment days are already set at the time of the issuance of the government bond. The interest payments are fulfilled by the Issuer on the announced days in the same series of securities. The nominal value of the payed securities is equal to the interest amount in terms of money. The bonds are registered at both net and gross price. Dealers maintain a daily buy rate for the Hungarian Government Bond Plus, meaning that interest-bearing government bonds can be sold through them at any time during the term of the government bond.

When is it recommended?

- If you are looking for an investment with a predictable interest rate where repayment of the capital invested is guaranteed by the state.

Product risk

1. VERY LOW	2. LOW	3. MODERATE	4. MEDIUM	5. INCREASED	6. HIGH	7. EXTREMELY

1. Very low-risk product: This category includes financial instruments (e.g. Discounted Treasury Bills, Interest-bearing Treasury Bills, Liquidity funds, etc.) that typically provide a predetermined return at maturity in addition to the capital invested. Their risk lies mainly in the potential counterparty default risk and – if they are sold before maturity – the volatility of market interest rates. Based on historical data, the possible loss calculated for a one-year period is highly unlikely to exceed 5% of the capital invested. (To assess possible losses, the Bank determines the risk classification of a product using VaR calculation based on historical data, at a 99% confidence level, for a one-year investment horizon.)

Key risk factors

Interest rate risk	Interest rate risk arises from the fact that a change in market yields influences the value of fixed-rate securities. Market yields can increase as a result of accelerating inflation, budget overspending, a central bank rate hike or government over-indebtedness, among others. A decrease in market yields can result from a slowdown in inflation, deflation, shrinking debts or monetary policy easing (a rate cut). The longer the term of a bond is, the more sensitive its price is to changes in yields. If you hold the securities to maturity, there is no interest rate risk to consider.
Country risk	The risk of investing in the instruments of a country, which depends on the given country's financial, economic and political stability. A more stable country means a smaller country risk premium, thus smaller risks and, in accordance with that, lower yields on government securities. This type of risk shows little change in the short term.
Price risk	In the event of an adverse, upward shift in yields, a sale before maturity may result in a price loss.

Scenarios*

Example 1	Let's assume that today you buy an interest-bearing Hungarian Government Bond Plus with a par value of HUF 1,000,000 and a term of 5 years. The security's term to maturity is 1826 days, its standardised rate of return (EHM) is 4.94%. In case of buying the government bond on the issuance day with a 100% corresponding price, the interest-bearing government bond costs HUF 1,000,000. In the 5 business days following the payment of interest, the distributors are going to record price and repurchase the Hungarian Government Bond Plus series on 100% purchase price (which is the nominal value) plus the accrued interest according to the repurchase value date.
Example 2	Let's assume that today you buy an interest-bearing Hungarian Government Bond Plus with a par value of HUF 1,000,000 and a term of 5 years. The security's term to maturity is 1826 days, its standardised rate of return (EHM) is 4.94%. In case of buying the government bond on the issuance day with a 100% corresponding

price, the interest-bearing government bond costs HUF 1,000,000. In a period other than the 5 business days following the payment of interest, Distributors maintain a daily buy rate for the Hungarian Government Bond Plus under specified conditions, so they can be sold prior to maturity as described in the Distributors' Business Rules. If there is a yield increase, 20 days later the same security can be sold at 99.50% net exchange rate plus the prorated accrued interest, so it can only be sold at a price of HUF 997,000.

PLEASE NOTE: The examples presented in this document do not show every possible outcome. For easier understanding the examples are simple and do not include any fees, commissions or taxes. They are insufficient to form the basis for an investment decision.

Practical information

- Information for customers: https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato
- Product-related descriptions and interpretations: https://www.raiffeisen.hu/treasury-utikalauz
- Information on investment products: https://www.raiffeisen.hu/maganszemely/megtakaritas-befektetes/befektetesi-tajekoztato
- Product-related fees and charges: https://www.raiffeisen.hu/hasznos/kondiciok
- Taxation of investments: http://www.nav.gov.hu/
- Institutional protection: http://www.oba.hu/ and http://www.bva.hu/
- Changes in the prices of financial instruments issued by Raiffeisen Bank Zrt.: https://www.raiffeisen.hu/hasznos/arfolyamok
- Changes in the prices of key products: http://bet.hu/ (Hungarian stock exchange), http://akk.hu/ (Hungarian government securities), http://www.mnb.hu/ (exchange rates)
- Standardised rate of return on securities (referred to by its Hungarian acronym as "EHM"): http://www.mnb.hu/fogyasztovedelem/kerdesem-van/szotar/koltsegmutatok-1

Other information

- Depending on the nature of the given product, investments are exposed to various risks, including the possible loss of the capital invested. No reliable conclusions can be drawn from historical data or information regarding future returns, changes or performance.
- The risk of a financial instrument made up of more than one component may exceed the sum of the risks of the individual components.
- Conversion between different currencies may affect the result achievable.
- Any tax consequence related to an investment product may only be assessed on the basis of the Customer's individual conditions, and may change in the future as a function of changes in legislation.
- This document is intended for information purposes, and should not be construed as an offer to buy or sell any investment product or service or as investment or tax advice by Raiffeisen Bank Zrt. Consequently, before making an investment decision, please consider the appropriateness of the investment in light of your own goals, needs, financial position and the risks involved.