

5. Increased risk product



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Product brochure

MOL shares

Product description

Shares are securities issued by a public limited company, and represent membership or ownership rights. Shares represent the proportion of a company's registered capital equal to the share's face value. The minimum requirement for exercising shareholder rights is that the investor hold ownership over the specific share on a specific day preceding the company event (e.g. payment of dividends), referred to as the day of the shareholder identification procedure.

MOL, established in 1991, is one of Central Europe's major integrated oil and gas industry companies and one of Hungary's leading firms based on sales revenue. In 2000, the company acquired a controlling share in Slovakia's leading oil industry firm Slovnaft, increasing its stake to 98.4% in 2004. In 2003 the company acquired a 25% stake in Croatian company INA. The group, building on its decades of prospection and production experience, is continuously increasing its participation in foreign production projects. It operates two high-efficiency refineries in Bratislava and Százhalombatta. It also features an extensive oil and product pipeline system, storage network and continuously expanding petrol station network. The group's petrochemical division supplies polymers to many of Europe's plastic processing firms. MOL has sold off most of its natural gas division, with the exception of natural gas transmission. In 2006 it won the tender to build a strategic natural gas reservoir announced by the State of Hungary, and concluded a strategic cooperation agreement with Gazprom. MOL is a market leader in all of its core activities in both Hungary and Slovakia.

When is it recommended?

- If you are looking for an investment opportunity with a yield above the risk-free rate in the long run and have a firm idea of developments in share prices.

Product risk

1. VERY LOW	2. LOW	3. MODERATE	4. MEDIUM	5. INCREASED	6. HIGH	7. EXTREMELY
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5. Increased-risk product: This category includes financial instruments (such as shares or derivative funds) that characteristically carry substantial risk, featuring a price that may fluctuate significantly even in the short run, but investors are generally shielded from losing the entire value of their capital investment unless some extraordinary market event occurs. Based on historical data, the possible loss calculated for a one-year period is highly unlikely to exceed 65% 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

Issuer risk	Issuer risk is the risk of the issuer of the securities. The value of the securities and the satisfaction of the claims related to them depend on the issuer's business operations, liquidity position and net worth. Risk arising from poor financial management is reflected primarily in the price of the issued shares.
Share price risk	The share price risk is the risk that the portfolio comprising the shares loses some of its value due to adverse stock market developments. The investor may potentially lose all of his invested money, as the product is not capital-guaranteed.
Country risk	Economic, political and geographic factors fundamentally determine a country's country risk classification. Changes in a country's assessment impacts the value of the country's firms, and thus stock market movements as well.

Scenarios*

Example 1	Let's assume that today, you purchase 100 units of a blue-chip share with the intention of investing your money for six months. The share price is HUF 12,945, so 100 shares are added to your portfolio at HUF 1,294,500. If six months later the shares can be sold at a price of HUF 13,550, that is HUF 1,355,000, you will realise a profit of HUF 60,500 during the six months.
Example 2	Let's assume that today, you purchase 10,000 units of a less liquid share with the intention of investing your money for six months. The share price is HUF 96, so 10,000 shares are added to your portfolio at HUF 960,000. If six months later the share price falls, the shares can be sold at a price of HUF 72, that is HUF 720,000, meaning you will incur a loss of HUF 240,000 during the six months. In these two examples, comparing the shares based on their liquidity, it can be stated that the more liquid a share, the safer it is, as it is easier to find a counterparty on the market willing to buy the instrument in the case of liquid shares.

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***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://bef.hu/> (Hungarian stock exchange), <http://akk.hu/> (Hungarian government securities), <http://www.mnb.hu/> (exchange rates)
- In the case of shares, no EHM (standardised rate of return on securities) is calculated.

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.