

6. High risk product



Updated: 31/07/2025

Product brochure

Crypto ETP

Product description

Crypto assets represent digital value or rights. They are transferable, can be stored electronically, and are based on distributed-ledger or similar technologies. These assets are typically traded on crypto exchanges rather than on traditional exchanges, and secure custody (e.g., digital wallets) can be challenging. You can gain exposure to crypto assets via Exchange Traded Products (ETPs) that track the price of underlying crypto assets. Crypto ETPs are open-ended, exchange-traded investment products that allow investors to participate in the performance of the underlying crypto assets. ETPs combine characteristics of exchange-traded funds and equity-like instruments and support a range of investment strategies. Risks vary by underlying product, so you should read the prospectus for each ETP carefully before investing.

When is it recommended?

- If you have a high tolerance for risk;
- If you understand crypto assets and the underlying technologies;
- If you do not require a capital guarantee and accept that you could lose your entire investment;
- If you want to invest via a regulated exchange for short, medium, or long term exposure to crypto asset performance.

Product risk

1. VERY LOW	2. LOW	3. MODERATE	4. MEDIUM	5. INCREASED	6. HIGH	7. EXTREMELY
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6. High-risk product: This product is classified as 6 (High risk). High-risk, speculative products (e.g., Bitcoin and Ethereum ETPs) can experience substantial price volatility, even over short periods. Such products may become worthless or only be sellable at a significant loss. Losses cannot exceed the invested capital (maximum loss = 100% of the invested amount). The Bank determined the risk classification using VaR calculations based on historical data at a 99% confidence level over a one-year horizon.

Key risk factors

Price volatility	Crypto prices can be highly volatile, driven by supply and demand and media or market news.
Technology risk	Failures or vulnerabilities in the underlying technology can negatively affect asset prices.
Regulatory risk	Political decisions and future regulation can materially affect crypto assets and market participants.
Counterparty risk	Risks related to the issuer and other market participants can impact the ETP's price. Exchanges or service providers may impose protective measures (e.g., suspension of trading) during extreme volatility.
Quotation risk	Underlying crypto assets trade 24/7 on crypto exchanges, so their prices may change on weekends and public holidays. ETPs trade on traditional exchanges, so the underlying price can move when the ETP is not tradable due to exchange hours.
Risks specific to ETPs	No payment guarantees: ETPs do not guarantee any return; unfavorable movements in the underlying can result in partial or total loss of invested capital.
	Tracking error: ETPs may not perfectly replicate the performance of the underlying asset(s). Deviations can arise from fees, the liquidity and volatility of the underlying, and market perception of the underlying assets or the issuer.
	Multi-asset exposure: For ETPs holding multiple underlying assets, a price move in a single component can materially affect the entire product.
	Currency risk: Crypto trading is commonly conducted in USD; fluctuations in USD exchange rates can affect ETPs denominated in other currencies.
Issuer and counterparty risk	Crypto ETPs are often issued as ETNs (exchange-traded notes), which are debt instruments. This means the issuer has a payment obligation to the investor. In such cases the investor is a creditor to the issuer, and repayment depends on the performance of the underlying asset. Therefore, ETPs carry significant issuer and counterparty risk. Issuers may gain exposure to the underlying either by holding the assets directly or synthetically via derivatives.

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Regulatory risk	There is no comprehensive, universally accepted regulatory framework for digital assets at present. Political decisions and future regulation can significantly impact crypto assets and market participants.
Extraordinary events	Crypto assets face a higher likelihood of extraordinary events (e.g., cyberattacks, fraud) compared with traditional assets. Parties typically do not assume liability for loss of the underlying assets. In such events investors may partially or fully lose their investments.

Scenarios*

Example 1	<p>Assume you invest EUR 2,000 on 20 Jan 2025 in a non-leveraged crypto ETP at EUR 24.15 per unit, buying 82.84 units. If you sell on 15 Jun 2025 at EUR 32.00 per unit, your realized profit would be EUR 651.04.</p> <p>Purchase: $82.84 \text{ units} \times \text{EUR } 24.15 = \text{EUR } 2,000$</p> <p>Sale: $82.84 \text{ units} \times \text{EUR } 32.00 = \text{EUR } 2,651.04$</p> <p>Realized profit: $\text{EUR } 2,651.04 - \text{EUR } 2,000 = \text{EUR } 651.04$</p>
Example 2	<p>Assume you invest EUR 3,000 on 1 Aug 2024 in a non-leveraged crypto ETP at EUR 24.15 per unit, buying 124.28 units. If you sell on 20 Jan 2025 at EUR 20.00 per unit, your realized loss would be EUR 514.40.</p> <p>Purchase: $124.28 \text{ units} \times \text{EUR } 24.15 = \text{EUR } 3,000$</p> <p>Sale: $124.28 \text{ units} \times \text{EUR } 20.00 = \text{EUR } 2,485.60$</p> <p>Realized loss: $\text{EUR } 3,000 - \text{EUR } 2,485.60 = \text{EUR } 514.40$</p>

***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 ETPs, 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.