



Pursuant to the provision of Article 7 of the Articles of Association of the Zagreb Stock Exchange Inc., Ivana Lučića 2a/22 (hereinafter: Exchange), on 23 April 2014, the Exchange Management Board passed the following

R E S O L U T I O N
on the CROBEXplus® index and sectoral indices¹

1. General Provisions

Article 1

This resolution defines the names of sectoral indices, the selection criteria in respect of index constituents, the index base calculation method and revision.

2. Selection criteria

Article 2

(1) In selecting the constituents of the CROBEXplus® index, only the shares listed in the regulated market which meet the following criteria may qualify:

- trading on more than 70% of the total number of trading days in the six-month period preceding the revision;
- free float market capitalisation in excess of 10 million kuna.

(2) By way of exception from paragraph 1 of this Article, if a proposal for the initiation of pre-bankruptcy settlement procedure is made, or in case of bankruptcy or liquidation proceedings being instigated against the company, shares of that company are not eligible for inclusion into CROBEXplus® index.

(3) In case of the issuers with more than one class of shares which meet the criteria for inclusion in the CROBEXplus® index, only one class of shares with a larger free float market capitalisation shall be included.

(4) Only the constituents of the CROBEXplus® index may be included in the sectoral indices.

3. Base calculation method

Article 3

(1) The CROBEXplus® and sectoral indices are equal weighting indices.

¹ The CROBEXplus index is the intellectual property of the Zagreb Stock Exchange Inc.

(2) The index shall be calculated continuously in the course of the trading session according to the following formula:

$$I_t = I_{t-1} \cdot \frac{1}{n} \sum_{i=1}^n \frac{p_{i,t}}{p_{i,t-1}}$$

$p_{i,t}$ last price of share i on day t

$p_{i,t-1}$ last price of share i on day $t-1$

n number of index constituents

I_t index value on day t

I_{t-1} index value on day $t-1$

I_0 base index value, 1,000 on 21 February 2013

(3) If a share is not traded on a particular day, its last price in the previous session shall be used.

4. Sectoral indices

Article 4

(1) The Exchange shall calculate and publish the following sectoral indices:

- CROBEXnutris[®] - Food production and processing
- CROBEXindustrija[®] - Industrial production
- CROBEXkonstrukt[®] - Construction industry
- CROBEXtransport[®] -Transport
- CROBEXturist[®] - Tourism sector

(2) The Index Committee may decide that the Exchange also calculate other sectoral indices in addition to those listed in par. 1 of this Article.

(3) In case the number of any sectoral index constituents should fall below 2 (two), the Exchange will suspend the calculation of the respective sectoral index temporarily. A decision to restart the calculation of the sectoral index shall be based on the Index Committee opinion.

(4) The Index Committee shall allocate shares to various sectors in accordance with the National Classification of Activities.

(5) By way of exception from paragraph 4 of this Article, the Index Committee may allocate a particular share in a different sector to that determined by the National Classification of Activities if it believes that it describes the respective company's operations more appropriately.

5. Index revision

Article 5

The index revision may be regular or extraordinary.

5.1. Regular index revision

Article 6

- (1) The CROBEXplus[®] index and sectoral indices shall be revised after the close of trading on the third Friday in May and November, with the revision applying as of the following trading session.
- (2) The indices shall be revised on the basis of trading data in the six-month period preceding the revision, and any change in their composition shall be disclosed to the public.

5.2. Extraordinary index revision

Article 7

- (1) In case of extraordinary events which may affect the objectivity and credibility of the CROBEXplus[®] index and sectoral indices occurring between two regular revisions, the Index Committee may conduct an extraordinary revision of the indices.
- (2) The following events in particular shall be deemed extraordinary:
 1. corporate actions,
 2. delisting of a particular share,
 3. long-term trading suspension in respect of a particular share,
 4. proposal for the initiation of pre-bankruptcy settlement procedure, instigation of bankruptcy or liquidation against the company.

5.3. Extraordinary events

5.3.1. Stock split

Article 8

- (1) Stock split is such a corporate action by which the issuer, pursuant to a resolution passed at the general meeting, without changing the company's equity capital, increases the number of shares outstanding by reducing the nominal value of shares in the initial issue or else increases the number of shares issued without a nominal value by issuing two or more shares to each shareholder instead of one previously held.
- (2) The price of shares in the index shall fall in proportion to the stock split ratio.
- (3) The change referred to in paragraph 2 of this Article shall apply following notification by the Central Depository and Clearing Company (hereinafter: CDCC) on the stock split being completed, after the close of the last session of trading in the current number of shares in the issue. The foregoing changes shall become effective in the subsequent trading session (ex-date).

5.3.2. Reverse stock split

Article 9

- (1) Reverse stock split is such a corporate action by which the issuer, pursuant to a resolution passed at the general meeting, without changing the company's equity capital, reduces the number of shares outstanding by increasing the nominal value of shares in the initial issue or else reduces the number of

shares issued without a nominal value by issuing one share to each shareholder instead of two or more previously held.

(2) The price of shares in the index shall rise in proportion to the reverse stock split ratio.

(3) The change referred to in paragraph 2 of this Article shall apply following CDCC notification on the reverse stock split being completed, after the close of the last session of trading in the current number of shares in the issue. The foregoing changes shall become effective in the subsequent trading session.

5.3.3. Stock dividend

Article 10

(1) Stock dividend is such a corporate action by which the issuer distributes a certain number of newly issued shares to all current shareholders in proportion to their participation in the company's equity capital.

(2) The price of shares in the index shall fall in proportion to the bonus issue ratio.

(3) The change referred to in paragraph 2 of this Article shall apply following general assembly decision, after the close of the last session of trading in the current number of shares in the issue. The foregoing changes shall become effective in the subsequent trading session.

(4) If the first trading session in the shares without the right to new shares falls before the general meeting passes a resolution on the capital increase, the Index Committee shall drop the respective constituent from the index 3 (three) days before the record date.

(5) On receipt of general assembly decision, the Index Committee shall include previously removed constituent back in the index after the close of trading. The foregoing change shall become effective in the subsequent trading session.

5.3.4. Squeeze-out

Article 11

(1) Squeeze-out is such a corporate action by which, pursuant to a resolution passed at the general assembly, all the shares of minority shareholders are transferred to the majority shareholder against payment of adequate cash compensation.

(2) On receipt of general assembly decision, the constituent shall be removed from the index after the close of trading.

5.3.5. Company takeover

Article 12

(1) Company takeover is the takeover of a joint stock company pursuant to the Joint Stock Companies Takeover Act.

(2) Once the Exchange receives notification of the takeover, depending on its outcome, the Index Committee may remove the respective constituent from the index.

5.3.6. Company acquisition

Article 13

(1) Company acquisition is such a corporate action by which the target (acquired company) transfers all its assets to the acquiring company in exchange for the shares in the acquiring company so the acquired company ceases to exist without going into liquidation.

(2) On receipt of general assembly decision, the shares of the acquired company shall be removed from the index.

(3) The shares of the acquiring company shall remain in the index provided that they have been among its constituents before. Otherwise, the acquiring company's shares shall not be included in the index but their inclusion shall be considered during the next regular index revision.

5.3.7. Company merger

Article 14

(1) Company merger is such a corporate action by which the companies being merged transfer all their assets to a new company arising out of the merger (takeover company) so these companies cease to exist without going into liquidation.

(2) On receipt of general assembly decision, the shares of the merged company or companies shall be removed from the index.

(3) The takeover company's shares shall not be included in the index but their inclusion shall be considered in the next regular index revision.

5.3.8. Division by separation

Article 15

(1) Division by separation is such a corporate action by which one or more parts of assets of the company being divided in this manner are transferred to:

- one or more new companies being established for the purpose of separation (division by formation) or
- one or more companies which already exist (division by acquisition),

where the company being divided does not cease to exist but its equity capital is reduced.

(2) On receipt of general assembly decision, the shares of the company being divided may be removed from the index or their price may be altered in proportion to the capital ratio before and after the division.

5.3.9. Division by split-off

Article 16

1) Division by split-off is such a corporate action by which one or more parts of assets of the company being divided in this manner are transferred to:

- two or more new companies being established for the purpose of separation (division by formation) or

- two or more companies which already exist (division by acquisition), where the company being divided ceases to exist without going into liquidation.
- (2) On receipt of general assembly decision, the shares of the company being divided shall be removed from the index.
- (3) The inclusion of shares in the companies arising from the split-off shall be considered in the next regular index revision.

5.3.10. *Delisting of a particular share*

Article 17

In case of delisting, the respective constituent shall be removed from the index.

5.3.11. *Long-term share trading suspension in respect of a particular share*

Article 18

In case of a trading suspension which exceeds 15 (fifteen) consecutive trading days, the Index Committee shall call a meeting to decide on removing the respective constituent from the index.

5.3.12. *Instigation of bankruptcy or liquidation against the company*

Article 19

(1) In case of proposal for the initiation of pre-bankruptcy settlement procedure being made or bankruptcy or liquidation being instigated against the company, the respective constituent shall be removed from the index as soon as the Exchange learns of the occurrence of the said circumstance.

(2) After the pre-bankruptcy settlement is reached, the inclusion of respective constituent shall be considered in the next regular index revision.

5.3.13. *Other circumstances*

Article 20

In case of corporate actions or events which are not regulated by this Resolution occurring, the Index Committee shall consider the need for extraordinary revision and, if necessary, conduct extraordinary revision to maintain the objectivity and credibility of the index and ensure its time comparability.

5.3.14. *Discretionary decision-making*

Article 20

In case of the foregoing corporate actions occurring, the Index Committee may decide to conduct an index base adjustment in a manner different from those described above if it believes such an adjustment to be more appropriate to the respective circumstances.

5.3.15. Cash dividend or interim dividend payment

Article 21

Cash dividend or interim dividend payment shall not give rise to the index adjustment.

5.4. Fast index inclusion

Article 22

The Index Committee may conduct an extraordinary revision to add a new share to the index in case that, according to share trading data, the respective share trades in 100% of all trading sessions in the first 30 (thirty) calendar days from its listing, taking account of its market capitalisation and liquidity.

6. Index Committee

Article 23

- (1) The Index Committee shall consist of 5 (five) members appointed by the Management Board from among the Exchange staff, one of whom shall act as the Committee chairman.
- (2) The Index Committee shall operate in meetings, of which minutes shall be kept.
- (3) Committee meetings shall be convened by its chairman. Committee meetings may be regular or extraordinary. Regular meetings shall be convened for the purpose of regular index revision. Extraordinary meetings shall be convened upon occurrence of extraordinary events, which may affect the objectivity and credibility of the index.
- (4) The Committee shall take its decisions by a majority of the member votes cast.

7. Competence

Article 24

- (1) The Index Committee shall consider and decide on including or excluding shares from the index, and shall continually monitor and propose ways to improve the index calculation methodology.
- (2) Any other issues related to the index revision and work of the Index Committee shall be regulated by an internal index revision procedure.

8. Disclosure to the public

Article 25

Notification of changes in the composition of the CROBEXplus[®] and sectoral indices shall be posted by the Exchange on its web pages.

9. Transitional and final provisions

Article 26

- (1) This Resolution shall enter into force on the day of its passing.
- (2) By entering into force, this Resolution derogates the Resolution on CROBEXplus[®] and sectoral indices from 7 February 2013.

(3) Companies over which the pre-bankruptcy settlement procedure was opened on the day of entering into force of this Resolution or companies over which the proposal for the initiation of pre-bankruptcy settlement procedure was made, bankruptcy or liquidation was being instigated in the period from the day of entering into force of this Resolution till first regular revision, the respective constituent shall be removed from the index on the next regular revision.

Designation: OU/2014-96

Ivana Gažić

President of the Management Board

Tomislav Gračan

Member of the Management Board

To:

1. All Member firms
2. Exchange web pages
3. Croatian Financial Services Supervisory Agency
4. Ledger of Management Board resolutions