



Pursuant to the provisions of Article 7 of the Articles of Association of the Zagreb Stock Exchange, Inc., Ivana Lučića 2a/22 (hereinafter: Exchange), on 30 August 2019, the Exchange Management Board passed the following

**RESOLUTION**  
**on the CROBEXprime<sup>®</sup> index<sup>1</sup>**

**1. General provisions**

**Article 1**

This resolution defines the index name, selection criteria in respect of the index constituents, index calculation methodology, index divisor calculation and index revision.

**2. Base date and base value**

**Article 2**

- (1) Base date is set on 28 December 2018.
- (2) Base value is set at 1000 index points on base date.

**3. Index constituents**

**Article 3**

- (1) CROBEXprime<sup>®</sup> consists of all shares listed in the Prime market of the Zagreb Stock Exchange.
- (2) Start date of CROBEXprime<sup>®</sup> calculation is 18 February 2019.
- (3) In the initial composition of the CROBEXprime<sup>®</sup> index the shares listed in the Prime Market on a base date will be included.
- (4) The index shall be calculated continuously in the course of the trading session and rounded to two decimal points.

**4. Index calculation and adjustment method**

**Article 4**

- (1) The CROBEXprime<sup>®</sup> index shall be calculated as a ratio of the free float market capitalisation and the index divisor.

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<sup>1</sup> The CROBEXprime index is the intellectual property of the Zagreb Stock Exchange Inc

- (2) The free float market capitalisation of a particular share shall be calculated as the product of the number of shares in the issue, the free float factor and the last share price.
- (3) The portion of the share's free float market capitalisation in the total free float market capitalisation of the CROBEXprime<sup>®</sup> on the last day of the month preceding the regular revision date may not exceed 30% which is assured by using the weighting factors.
- (4) Weighting factor is equal to 1 (one) for those shares which do not exceed the 30% of the total free float market capitalisation of the index.
- (5) Weighting factor is less than 1 (one) for those shares which exceed the 30% of the total free float market capitalisation of the index.
- (6) If the share is not traded on a particular day, its last price in the previous session shall be used.
- (7) Dividends are taken into calculation of CROBEXprime<sup>®</sup> index after the first trade is made on ex-dividend date. In the course of regular revision, the index value shall be rebalanced by reinvesting the dividend payments made between two regular revisions in index constituents, in accordance with their respective weighting. The index shall be calculated continuously in the course of the trading session according to the following formula:

$$I_t = \frac{\sum_{i=1}^n (p_{i,t} + d_{i,t}) \cdot q_{i,T} \cdot f_{i,T} \cdot w_{i,T}}{D_T}$$

<i>I</i>	CROBEXprime <sup>®</sup> index value
<i>p</i>	last price
<i>d</i>	dividends paid on share <i>i</i> on day <i>t</i> or since the last revision date
<i>q</i>	number of listed shares
<i>f</i>	free float factor
<i>w</i>	weighting factor
<i>D</i>	index divisor
<i>i</i>	counter that represents the shares included in the index
<i>T</i>	revision date
<i>t</i>	time of index calculation

**5. Free float**

**Article 5**

The following shall not be deemed free float:

- 1. the Issuer's own (treasury) shares
- 2. shares held by the persons controlling 5% or more of the total outstanding in the respective issue, unless shares are held by pension and investment funds.

**5.1. Free float factor**

**Article 6**

- (1) In respect of the shares with a free float below 20%, the free float factor shall be determined by rounding up the free float figure to the next integer.
- (2) In respect of the shares with a free float exceeding 20%, the free float factor shall be determined by rounding up the free float figure to the next multiple of 5 (five).

**6. Calculation of index divisor**

**Article 7**

(1) The CROBEXprime<sup>®</sup> index divisor shall be adjusted if new shares are included in the index or if current constituents are removed from the index and whenever the free float factor changes due to an alteration in the number of shares in the issue of a constituent to ensure the time comparability of the index.

(2) The CROBEXprime<sup>®</sup> index divisor is calculated as follows:

$$D_{T+1} = D_T \cdot \frac{I(T')}{I(T)}$$

$I(T')$	CROBEXprime <sup>®</sup> index value after the change on day $T$
$I(T)$	CROBEXprime <sup>®</sup> index value prior to the change on day $T$
$T$	revision date

**7. Index revision**

**Article 8**

The index revision may be regular or extraordinary.

**7.1. Regular index revision**

**Article 9**

The CROBEXprime<sup>®</sup> index shall be revised after the close of trading on the third Friday in March and September, with the revision applying as of the following trading session.

**7.2. Extraordinary index revision**

**Article 10**

(1) In case of extraordinary events which may affect the representativeness of the CROBEXprime<sup>®</sup> index occurring between two regular revisions, the Index Committee may conduct an extraordinary revision of the CROBEXprime<sup>®</sup> index.

(2) The following events in particular shall be deemed extraordinary:

1. corporate actions,
2. listing a new share to the Prime Market
3. change of market segment or delisting of a particular share,
4. long-term trading suspension in respect of a particular share,
5. proposal for the initiation of pre-bankruptcy settlement procedure, instigation of bankruptcy or liquidation against the company.

### **7.3. Extraordinary events**

#### **7.3.1. Stock split**

##### **Article 11**

(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 number of shares outstanding in the index shall rise, with their price falling in proportion to the stock split ratio. The index divisor shall remain unchanged.

(3) The change referred to in paragraph 2 of this Article shall apply following a notification by the Central Depository and Clearing Company (hereinafter: CDCC) on the stock split being conducted, after the close of the last trading session in the current number of shares in the issue. The foregoing changes shall become effective in the subsequent trading session (ex-date).

#### **7.3.2. Reverse stock split**

##### **Article 12**

(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 number of shares outstanding in the index shall fall, with their price rising in proportion to the reverse stock split ratio. The index divisor shall remain unchanged.

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

#### **7.3.3. Stock dividend**

##### **Article 13**

(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 number of shares outstanding in the index shall rise, with their price falling in proportion to the bonus issue ratio. The index divisor shall remain unchanged.

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

(4) If the first day of trading without the right to grant new shares falls before the general meeting passes a resolution on the capital increase, the Index Committee shall remove the respective constituent from the index.

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

### **7.3.4. Rights issue**

#### **Article 14**

- (1) Rights issue is such a corporate action by which the issuer offers a certain number of newly issued shares for sale to all current shareholders by issuing subscription rights which are a separate financial instrument.
- (2) In case if information on general assembly decision is not announced at least one trading day before ex-date or in case of incomplete information, no extraordinary index revision shall be conducted.
- (3) Index adjustment will be made in case of fixed subscription price or in case of subscription price band.
- (4) In case of subscription price band, mid value of price band will be used.
- (5) If the shares are issued at a premium, i.e. at a subscription price higher than their market price, no extraordinary index revision shall be conducted.
- (6) If the shares are issued at a discount, i.e. at a subscription price lower than their market price, extraordinary index revision shall be conducted and a new index base adjustment coefficient calculated.
- (7) In the case referred to in paragraph 3 and 6 of this Article, the new index divisor shall be calculated after the close of trading session on the last day with the right to purchase new shares (cum = ex-date -1). The index divisor shall be calculated in the manner defined in Article 8 paragraph 2 of this Resolution by using a theoretical share price on the ex-date according to the following formula:

$$P_{ex} = \frac{P_{cum} * m + P_S * n}{m + n}$$

$P_{ex}$	theoretical share price on the day it trades without the right to purchase new shares (ex-date)
$P_{cum}$	theoretical share price in the last trading session with the right to purchase new shares (ex-date -1)
$P_S$	subscription price of new shares for current shareholders
m	number of shares outstanding before capital increase
n	new share issuance

- (8) Once the new share issue is listed on the Exchange, the number of shares outstanding in the index shall rise, provided that the share weight changes by at least 5%. Otherwise, the number of shares shall be altered in the first subsequent regular index revision.
- (9) If the first day of trading without the right to grant new shares falls before the general meeting passes a resolution on the capital increase, the Index Committee shall remove the respective constituent from the index.
- (10) On receipt of general assembly decision, the Index Committee shall include previously removed constituent back in the index.

### **7.3.5. Capital increase through the public offer**

#### **Article 15**

- (1) Capital increase through the public offer is such a corporate action by which the issuer offers a public a certain number of newly issued shares for sale.
- (2) Once the new share issue is listed on the Exchange, the number of shares outstanding in the index shall rise, provided that the share weight changes by at least 5%. Otherwise, the number of shares shall be altered in the first subsequent regular index revision.

### **7.3.6. Share cancellation**

#### **Article 16**

(1) Share cancellation is such a corporate action by which the issuer, pursuant to a resolution passed at the general meeting, cancels a certain number of treasury shares.

(2) On receipt of information on general assembly decision on share cancellation, the number of shares in the index shall be altered, provided that the share weight changes by at least 5%. Otherwise, the number of shares in the issue shall be altered in the first subsequent regular index revision.

### **7.3.7. Squeeze out**

#### **Article 17**

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

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

### **7.3.8. Takeover**

#### **Article 18**

(1) Company takeover is the takeover of the 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 share from the index, alter its weighting or keep its weighting.

### **7.3.9. Acquisition**

#### **Article 19**

(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 it ceases to exist without going into liquidation.

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

### **7.3.10. Merger**

#### **Article 20**

(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 they cease to exist without going into liquidation.

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

**7.3.11. Division by separation**

**Article 21**

(1) Division by separation is such a corporate action by which one or more parts of assets of the company being divided 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 information on general assembly decision, the shares of the company being divided may be removed from the index or their weighting may be altered.

**7.3.12. Division by split-off**

**Article 22**

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

- one or more new companies being established for the purpose of split-off (division by formation) or
- one 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 information on general assembly decision, the shares of the company being divided shall be removed from the index.

**7.3.13. Listing a particular share in the Prime Market**

**Article 23**

(1) New shares listed to the Prime Market shall be included in the CROBEXprime<sup>®</sup> in a three weeks after the listing.

(2) Notwithstanding paragraph 1 of this Article, shares which are listed into Prime Market in the period which starts 7 weeks, and ends 1 week before regular revision, will be included in the CROBEXprime<sup>®</sup> in the next regular index revision.

**7.3.14. Change of market segment or delisting of a particular share**

**Article 24**

In case of change of market segment or delisting a share from Prime Market, the respective constituent shall be removed from the index.

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

**Article 25**

In case of a trading suspension which exceeds 15 (fifteen) consecutive trading days, at the end of the mentioned period, the Index Committee shall convene a meeting and decide to remove the respective constituent from the index, alter its weighting or keep its weighting.

**7.3.16. Instigation of pre-bankruptcy settlement procedure, bankruptcy or liquidation proceedings against the company**

**Article 26**

(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.

**7.3.17. Other circumstances**

**Article 27**

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 representativeness of the index and ensure its time comparability.

**7.3.18. Cash dividend payment and dividend advance**

**Article 28**

(1) Cash dividend payment and dividend advance are both taken into account.

(2) Dividends are taken into calculation of CROBEXprime<sup>®</sup> index after the first trade is made on ex-dividend date.

(3) If the first day of trading without the right to grant dividends falls before the general meeting passes a resolution on the dividend payment, the index will be calculated with the proposed dividend. If the general meeting passes a resolution on the dividend payment which is different from the proposed one, the Index Committee will adjust the index accordingly.

**7.4. Data correction policy**

**Article 29**

In case of missed dividend or missed corporate action which influences index calculation, the Index Committee will adjust the index accordingly.

**Article 30**

(1) The Index Committee makes decision on the final composition of the index.

(2) In case of the corporate actions occurring, the Index Committee may decide to conduct an index base adjustment in a manner different from those described in chapter 7.3 if it believes such an adjustment to be more appropriate to the respective circumstances.

(3) If at the time of the index revision there is information that may have an impact on the inclusion of individual shares (eg. withdrawal from listing on a Prime Market, the takeover, the upcoming status changes of the issuer etc.), the Index Committee may decide not to include or exclude that individual share to or from the index composition.

**8. Disclosure to the public**

**Article 31**

Changes in the composition of the CROBEXprime<sup>®</sup> index shall be posted by the Exchange on its web pages.



**9. Transitional and final provisions**

**Article 32**

(1) This Resolution shall enter into force on 3 September 2019.

(2) By entering into force, this Resolution derogates the Resolution on the CROBEXplus<sup>®</sup> index dated 18 February (OU/2019-18).

Designation: OU/2019-158

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