



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

Pursuant to the provisions of Article 7 of the Articles of Association of the Zagreb Stock Exchange Inc., Ivana Lučića 2a (hereinafter: Exchange), on 25 November 2011, the Exchange Management Board passed the following

RESOLUTION

on the Zagreb Stock Exchange bond index

1. General provisions

Article 1

(1) This resolution defines the name of the bond index, criteria for inclusion of bonds in the index, index base calculation and adjustment method, index revision as well as the composition and powers of the Index Committee.

2. Index name

Article 2

- (1) The name of the index is CROBIStr[®].
- (2) CROBIStr[®] is the property of the Zagreb Stock Exchange.

3. Bond selection criteria

Article 3

(1) The index shall include government and state agency bonds listed on the Zagreb Stock Exchange which meet the following criteria:

1. minimum €75 million nominal value of the issue;
2. at least 18 months time to maturity;
3. bullet bonds at fixed interest rates.

4. Initial index composition

Article 4

- (1) The initial composition of the CROBIS^{tr} index is equal to that of the CROBIS[®] index on base date.
- (2) The base date shall be 1 December 2011.
- (3) The base index value on the base date shall stand at 100.0000 base points.
- (4) The index shall be calculated to four decimals after the close of each trading session.

5. Index calculation and rebalancing method

Article 5

- (1) The index value shall be calculated after the close of each trading session by using the average daily prices weighted by the trade volume of all the bonds included in the index.
- (2) The calculation of the average daily price referred to in paragraph 1 shall take into account regular transactions, block trades and OTC transactions.
- (3) If a bond included in the index is not traded on a particular day, the previous average daily price either in the previous or in the last session in which it was traded shall be used.
- (4) The index is weighted by bond market capitalisation, with the weighting of any individual bond issue in the index limited to 35% of the capitalisation.
- (5) The index calculation takes into account interest payments, that is accrued interest. In the course of regular revision, the index value shall be rebalanced by reinvesting the interest payments made between two regular revisions in the bonds index constituents, in accordance with their respective weighting. The index shall be calculated by using the following formula:

$$I_t = I_{t-R} \times \frac{\sum_{i=1}^n (P_{i,t} + A_{i,t} + C_{i,t}) \times N_{i,t-R}}{\sum_{i=1}^n (P_{i,t-R} + A_{i,t-R}) \times N_{i,t-R}}$$

I_t	index value on day t
I_{t-R}	index value on the last revision date $t-R$
$P_{i,t}$	clean price of bond i on day t
$P_{i,t-R}$	clean price of bond i on the last revision date $t-R$
$A_{i,t}$	accrued interest of bond i on day t
$A_{i,t-R}$	accrued interest of bond i on the last revision date $t-R$
$C_{i,t}$	interest paid on bonds i on day t or since the last revision date
$N_{i,t-R}$	nominal value of the issue of bond i in EUR on the last revision date $t-R$
n	number of bonds included in the index
R	number of days since the last revision date

6. Calculation of accrued interest

Article 6

(1) Accrued interest shall be calculated by using the following formula:

$$A_{i,t} = \frac{G_{i,t}}{f_i} \times \frac{S - L}{N - L}$$

$A_{i,t}$	accrued interest of bond i on day t
$G_{i,t}$	annual interest rate payable on bond i
f_i	bond i interest payment frequency
S	settlement date ($t+3$)
L	last coupon maturity date
N	next coupon maturity date

7. Index revision

Article 7

(1) The index revision may be regular or extraordinary.

6.1. Regular index revision

Article 8

(1) The index shall be revised on a quarterly basis, on the last Friday in February, May, August and November.

(2) In the course of regular revision, new bonds which meet inclusion criteria shall be included in the index, with any index constituents whose time to maturity falls below one year in the following quarter to be dropped. Interest payments made between two revisions shall be invested in index constituents, in accordance with their respective weighting.

6.2. Extraordinary revision

Article 9

(1) In case of extraordinary events which may affect the objectivity and credibility of the CROBIStr[®] index occurring between two regular revisions, the Index Committee may revise the CROBIStr[®] index calculation method by excluding constituents from or including them in the index or else by altering their weighting.

8. Index Committee

Article 10

- (1) The Index Committee shall consist of 3 (three) 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.

9. Competence

Article 11

- (1) The Index Committee shall consider and decide on including or excluding bonds from the index, altering the weighting of individual constituents, 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.

10. Disclosure to the public

Article 12

- (1) Changes in the composition of the CROBIStr[®] index shall be posted by the Exchange on its web pages.

11. Transitional and final provisions

Article 13

- (1) This Resolution shall enter into force on the day of its passing.
- (2) The first day of index calculation and disclosure in accordance with this Resolution shall be 2 December 2011.

Ivana Gažić

President of the Management Board

Tomislav Gračan

Member of the Management Board Member

For delivery to:

1. All Member firms
2. Exchange web pages
3. Croatian Financial Services Supervisory Agency

4. Ledger of Management Board resolutions.