



ZAGREBAČKA BURZA
THE ZAGREB STOCK EXCHANGE

Pursuant to the authorisation arising from Article 8 of the Articles of Association of the Zagreb Stock Exchange, Inc. (hereinafter: Exchange), on 27 September 2002, the Exchange Management Board President passed the following

RESOLUTION
on the Zagreb Stock Exchange bond index

General provisions

Article 1

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

Index name

Article 2

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

Inclusion criteria

Article 1

The index shall include of government and state agency bonds listed on the Zagreb Stock Exchange under 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.

Initial index composition

Article 2

- (1) The initial CROBIS[®] index composition has been determined according to the criteria set out in Article 3 to include the following bonds:

Ticker	Nominal value (EUR)	Maturity	Coupon rate
DAB-O-05CA	225,000,000	19 Dec 2005	8.375%
HZZO-O-047A	222,000,000	19 July 2004	8.500%
RHMF-O-049A	200,000,000	20 Sept 2004	6.500%
RHMF-O-08CA	200,000,000	14 Dec 2008	6.875%
RHMF-O-125A	300.000.000	23 May 2012	6.875%

- (2) The base date shall be 30 September 2002
- (3) The base index value as 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.

Calculation method and base adjustment

Article 3

- (1) The index shall be calculated after the close of each trading session by using the average daily prices weighted by trade volume, regardless of whether trade takes place through the MOST trading system or transactions are reported to the Exchange.
- (2) 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.
- (3) 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.
- (4) The index shall be calculated after the close of trading session from the clean bond prices using the following formula:

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

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 in %
$P_{i,t-R}$	clean price of bond i on the last revision date t-R
$N_{i,t-R}$	nominal value of bond i on the last revision date t-R
n	number of bonds included in the index
R	number of days since the last revision date

Index revision

Article 4

The index shall be revised on a quarterly basis, on the last Friday in February, May, August and November. In the course of revision, new bonds that 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. By way of exception, the Index Committee may decide to revise the index outside the schedule.

Extraordinary revision

Article 5

- (1) In case of extraordinary events occurring between two regular revisions, which may affect the objectivity and credibility of the CROBIS[®] index, the Index Committee may revise the CROBIS[®] index calculation method by

excluding constituents from or including new bonds in the index.

(2) The following events in particula shall be considered extraordinary:

- long-term trading suspension of a security
- other circumstances related to the issuer or the security which may affect the objectivity and credibility of the CROBIS[®] index.

Index Committee

Article 6

(1) The Index Committee shall be appointed by the Exchange Director.

(2) Pursuant to the criteria set out in this Resolution, the Committee shall perform any activities related to the index maintenance and revision as well as disclosure to the public.

Transitional and final provisions

Article 7

(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 1 October 2002.



Marinko Papuga
director

For delivery to:

1. All Member firms,
2. Ledger of Management Board Resolutions,
3. Files.