

‘Expert-rating’ rating agency
 01 July 2010
 Quarterly rating actualisation.

**Confirmation of rating of PJS IC
 ‘Leader Re’ (city of the Kiev) following the results of Q1 2010**

On 01 July 2010 following the results of Q1 2010 ‘Expert-rating’ rating agency has confirmed stability rating of ‘Leader Re’ PJS IC at level **uaAA-** on national scale. Outlook **uaAA-** means very high probability of that the company will resist under the influence of adverse factors in the future.

Table

Key performance indicators of PJS IC ‘Leader Re’

Indicators	Q1 2010	Q1 2009	Q1 2008	Growth rate % 2009-2010,	Growth rate % 2008-2010
Assets, th.UAH	55810,0	67804,0	64373,5	-17,69%	-13,30%
Authorized capital, ths.UAH	50000,0	50000,0	50000,0	-	-
Gross premium, ths.UAH	7465,0	7257,0	7402,8	2,87%	0,84%
Reinsurer's share in gross premium, %	55,82%	62,06%	7,68%	-	-
Ceded for reinsurance, ths.UAH	4167,0	4504,0	568,4	-7,48%	633,11%
Payments/gross premiums ratio, %	48,53%	54,70%	69,9%	-	-
Total indemnities, th.UAH	3623,0	3970,0	5176,2	-8,74%	-30,01%
ROE, %	-2,22%	26,02%	-5,09%	-	-
Net income (loss), ths.UAH	(1090)	15407	(2595,5)	-107,07%	58,00%

Source: Company data; calculations by ‘Expert-rating’ RA.

Confirming the rating at so high level the Agency was guided by following conclusions:

1. Following the results of Q1 2010 gross premiums of the Company have made up UAH 7,465 million. It is by 2,87 % more than in Q1 2009 or by 0,84 % more than in Q1 2008. Let it be reminded that following the results of January-March 2010 the insurance companies of Ukraine reduced collection of insurance premiums by 34,8 % or by UAH 1,6 billion in comparison with the similar period of 2009. Thus, IC ‘Leader Re’ successfully resisted to negative market trends showing insignificant but still growth of business amounts.

2. Following the results of IC ‘Leader Re’ work in Q1 2010 the lowest loss ratio for the last 3 years due to increase of the property (low-loss) insurance contracts share in the Company portfolio, should be considered as positive trend. But in spite of the collected premium amounts increase the Company has got in loss at the rate of UAH 1,09 million. Year before the Company reported net profit of UAH 15,4 million but in the Q1 2008 the loss of UAH 2,6 million has been registered. In the Agency's opinion the amount of the loss of the Company in the Q1 2010 is not substantial and does not influence solvency of the Company since only a quarter of collected premium will be allocated to the profit of the given period, and the rest will be allocated to the profits of following accounting periods. The Company remains overcapitalized same as before and liquid assets/liabilities ratio exceeds 100%.

3. Serious timeserving changes have taken place in the Company in April-May, 2010.

First, on April, 21st **Alla Voloshina**, the chairman of the board of IC ‘Leader Re’, has left for personal reasons, and as from May, 20th, 2010 **Andrey Kiselyov**, new chairman of the

board, has taken up his duties. Earlier Andrey Kiselyov occupied managerial positions in IC 'Energopolis'. 'Expert-rating' RA focuses attention at that the change of top persons in 'Leader Re' IC was quite predictable. Let it be reminded that changes in shareholder's structure of the Company have taken place at the end of 2009.

Second, on April, 23rd the shareholders of PJS 'Leader Re' have taken the decision to change the Company name having renamed PJS Reinsurance Company 'Lider Re' into PJS Insurance Company 'Leader Re'. The decision on development of direct insurance business along with the reinsurance, and also the decision of risk portfolio intensification for account of more profitable kinds of direct insurance were taken by new shareholders. The Agency positively estimates such step as a whole as it leads to extension of business sources diversification and opens new possibilities to the Company. Under the conditions of business reduction at the market as a whole the presence of self-restrictions in the field of insurance payments collection is an inexcusable luxury for a small company.

Third, on April, 23rd the shareholders of IC 'Leader Re' have taken the decision on increase of authorised capital by 40 % or by UAH 20 million. Size of the authorised capital after its increase will make up UAH 70 million. The Agency considers that the given step will lead to increase of redundant level of capitalization in the Company and confirms plans of shareholders to expand business of 'Leader Re' IC.

As a whole 'Expert-rating' RA positively assess changes in the Company. In the course of IC 'Leader Re' directorship change the shareholders have shown high level of external support and interest in the further development of the Company business.

Analytical service of 'Expert-rating' RA