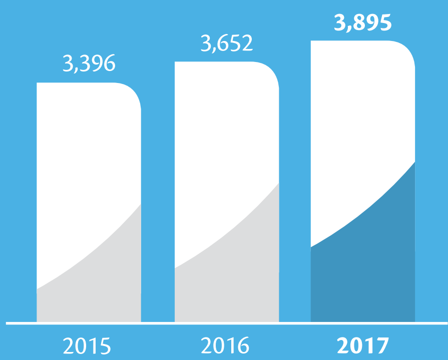
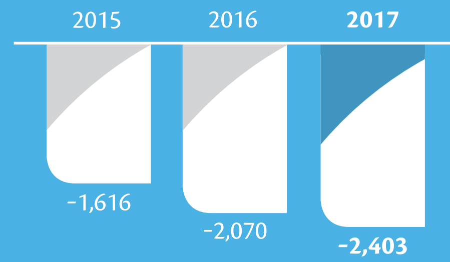
COMPANY PROFILE

FINANCIAL HIGHLIGHTS

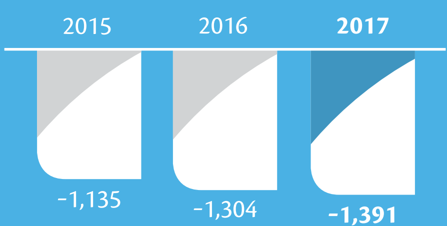
Gross Earned Premium - Rs M



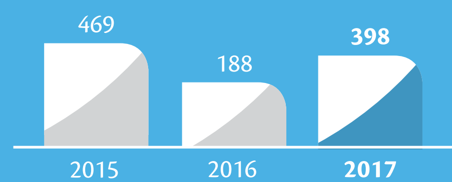
Net Claims & Benefits - Rs M



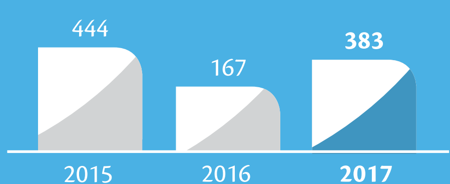
Operations & Administrative Expenses – Rs M



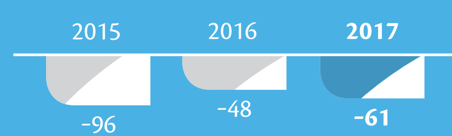
Profit from Operations – Rs M



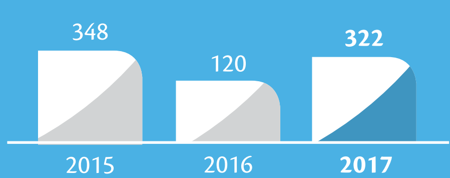
Profit before Tax – Rs M



Income Tax Expenses – Rs M

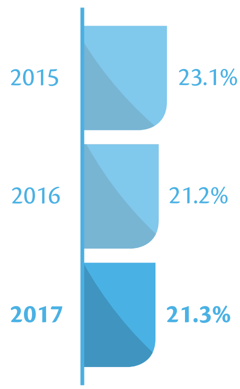


Profit after Tax – Rs M

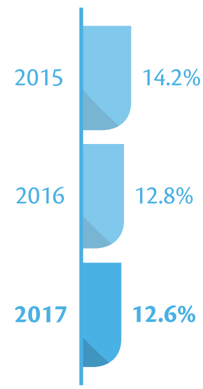


KEY PERFORMANCE INDICATORS

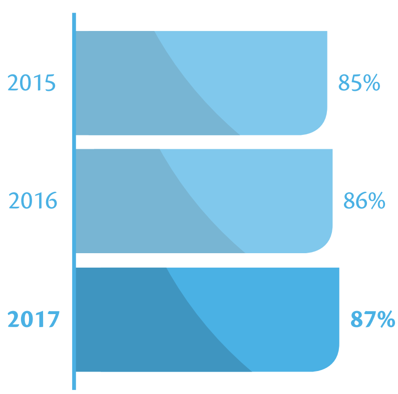
Expense ratio - General insurance



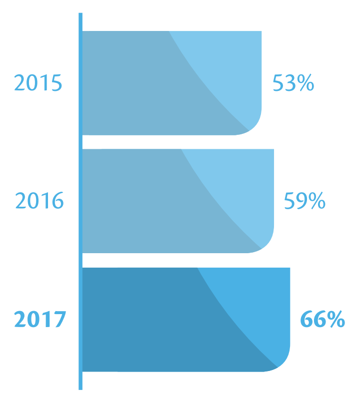
Expense ratio - Life insurance



Customer satisfaction



Employee engagement



CORPORATE INFORMATION

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AUDITORS

Ernst & Young

ACTUARIES

Deloitte Actuarial & Insurance Solutions, South Africa

MAIN BANKERS

ABC Banking Corporation Ltd
AfrAsia Bank Limited
Bank One Limited
Banque des Mascareignes Ltee
Barclays Bank Plc
Hong Kong & Shanghai Banking Corporation Limited
The Mauritius Commercial Bank Ltd
SBI (Mauritius) Ltd
Standard Bank (Mauritius) Limited
State Bank of Mauritius Ltd

SECRETARY

ECS Secretaries Ltd

SHARE REGISTRY

SBM Fund Services Ltd

Management Review

by Bertrand Casteres, Chief Executive Officer

MANAGEMENT REVIEW

Dear Shareholder,

We are pleased to present you a review of the performance of the Group and the Company for the year ended 31 December 2017.

The end of the 2017 financial year also marks the culmination of an ambitious three-year strategic plan launched in 2015. The review of our operations, both here in Mauritius and in East Africa, confirms the success borne out three years of careful planning, increased alignment and targeted actions across our business units. **MUA Ambition 2017** was focused mainly on our Mauritian operations, and it yielded strong technical results, increased profitability and a solid solvency position, often in the midst of challenging market conditions.

These strong results also underline the concerted work done in the past three years to deliver sustained value to all our stakeholders. Our focus has been on achieving greater efficiency, proposing innovative products and services to our wide network of insurance partners and our clients, and most importantly remaining customer-centric in our approach.

MUA Ambition 2017

Some of the key highlights of our three year Strategic Plan (2015 to 2017) include:

+11% average annual increase in General Insurance Gross Written Premiums

+8% average annual increase in General Insurance Operational Profits

+11% average annual increase in Life Insurance Gross Written Premiums

+45% average annual increase in Life Insurance Profits after Tax

Company solvency position reinforced at 223% by the end of 2017

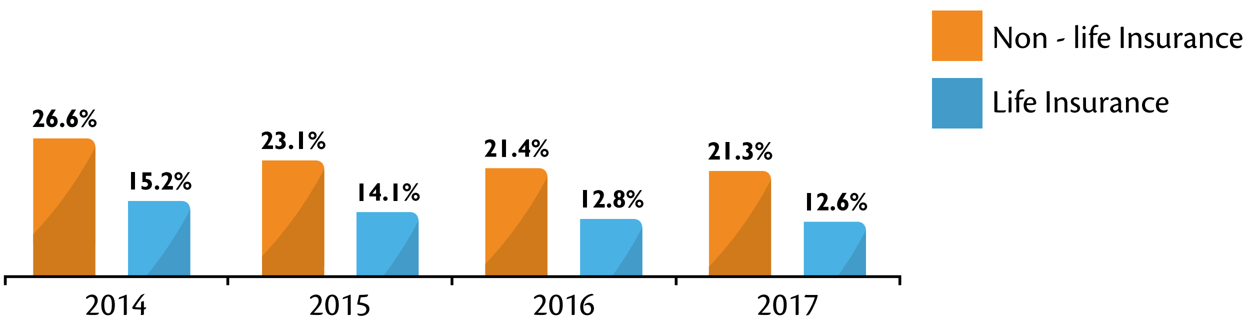
MUA Ambition 2017 focused on four main areas of development for the General and Life Insurance businesses - Internal efficiency and cost control; maintaining our leadership in motor insurance, while diversifying in corporate business; developing strategic partnerships; leading the way to innovation and digitalisation. In addition, the General Insurance business worked hard to enhance the autonomy of their sales force. On the Life Insurance side, the team focused on developing and marketing innovative niche products, which contributed to a significant increase in profitability.

An important aspect of our solid position and results has been our strong reinsurance capabilities. Our treaty reinsurers rank among the most respected companies in the business, including Swiss Re, Africa Re and Munich Re.

Over the past three years, we have successfully delivered on some of the key performance indicators that were fixed at the outset of **MUA Ambition 2017**.

Expense Ratio Non-life Insurance: Target = < 22.4% Achieved = 21.3%

Expense Ratio Life Insurance: Target = < 13% Achieved = 12.6%

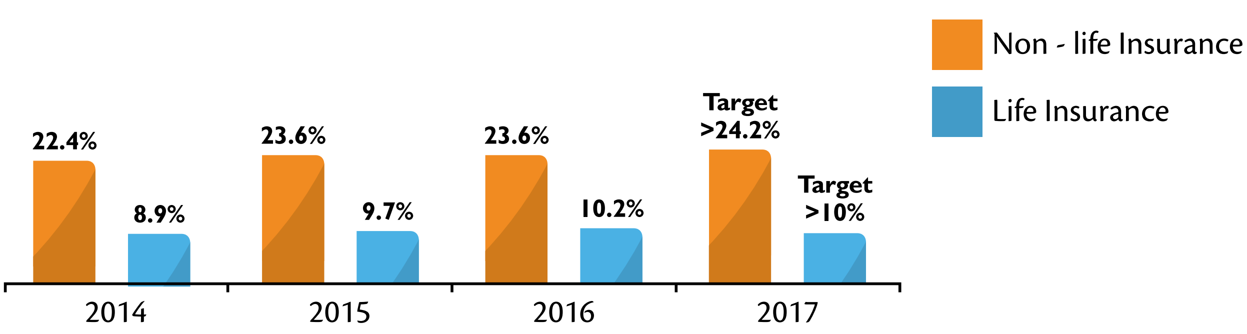


Please note:
- *Expense ratios excluding depreciation & Africa operations*
- *Expense ratio for Life Insurance is a percentage of Net Premium*

Market Share Non-life Insurance: Target = > 24.2% Achieved by 2016 = 23.6%*

Market Share Life Insurance: Target = > 10% Achieved by 2016 = 10.2%*

* We are confident to attain our target for Non-Life Insurance and maintain our market share for Life Insurance when the official market share information for 2017 is published by the FSC.



Customer Satisfaction: Target = > 80% Achieved = 87%

Employee Engagement: Target = > 60% Achieved = 66%

Life Insurance Key Performance Indicators:
Profit after Tax: from Rs 57M in 2014 to Rs 135M in 2017 – a growth of 137%

MANAGEMENT REVIEW

FINANCIAL HIGHLIGHTS 2017

We present below some of the key financial highlights of the Group, the General Insurance and Life Insurance businesses, both in Mauritius and East Africa.

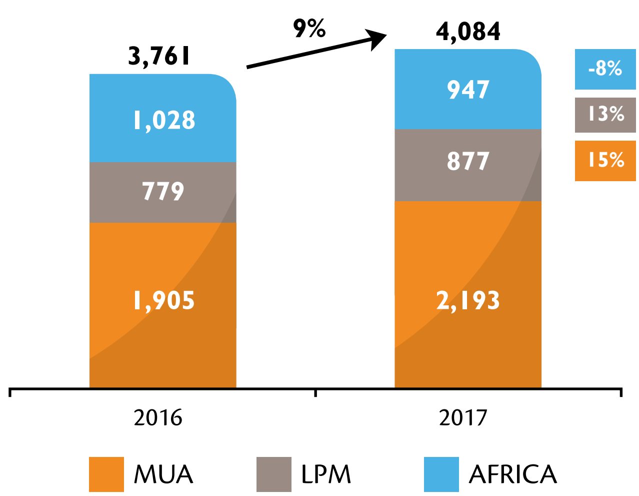
Group Results

+8% increase in
Gross Written Premiums
to reach **Rs 4Bn**

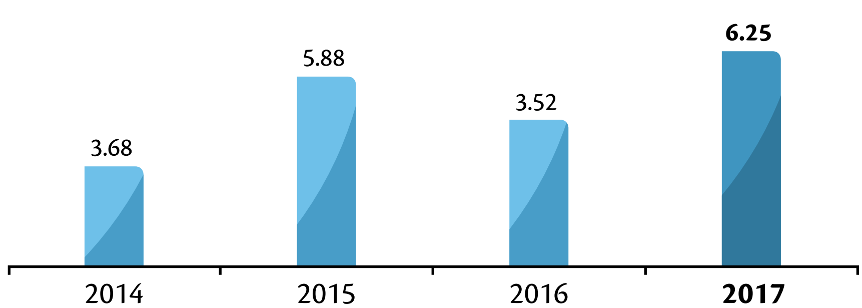
+169% increase in
Profits after Tax to reach
Rs 321.6M

Group Return on Equity
at **12.6%** compared
to **7.1%** in 2016

Group Revenue



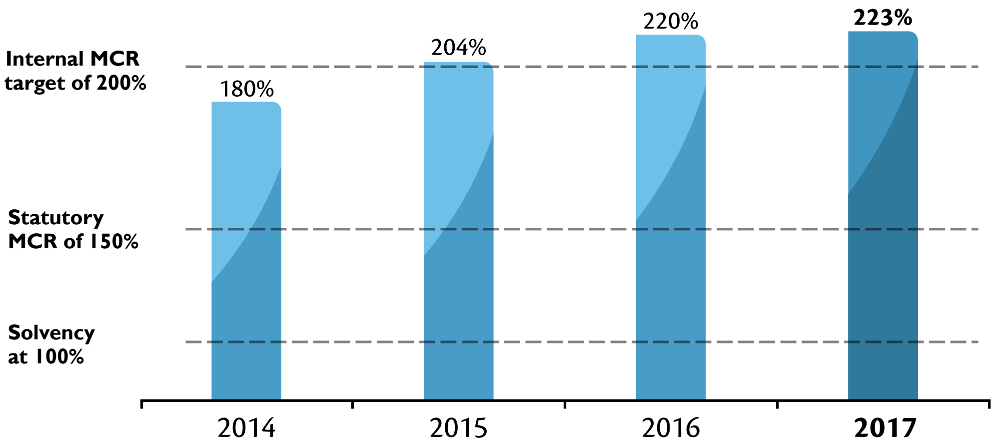
Earnings per Share: in Rupees



* 2016 Earnings per Share: Largely a result of the lower profitability due to the de-recognition of the Group's investment in Phoenix Transafrica Holdings.

Group Solvency Ratio:

The Minimum Capital Requirement



GENERAL INSURANCE - Mauritius

Highlights

+15% increase in Gross Written Premiums to reach **Rs 2.2Bn**

+157% increase in Profits after Tax to reach **Rs 146.5M**

Rs M	2015	2016	2017
Gross Written Premium	1,789	1,905	**2,193**
Net Claims and Benefits	-828	-917	**-965**
Operations and Administrative Expenses	-557	-629	**-704**
Impairment of subsidiaries	-	-104	**-**
Profit from Operations	175	90	**183**
Profit before Tax	150	69	**165**
Income Tax Expense	-25	-12	**-19**
Profit After Tax	125	57	**146**

The 2017 results are most satisfactory on all fronts. The General Insurance business has increased its turnover by 15% to reach Rs 2,193M. This increase can be attributed to higher volume and a better business mix, as we continue to focus on diversifying our portfolio. Profitability has remained stable, despite the difficult prevailing soft market conditions, higher claims and robust competition.

There has been adequate growth in all major business lines. Financial & Special Risks posted an exceptional 80% growth in revenue, underlining the work done by our teams on partnerships during 2017. We also note good growth in written premiums in the engineering segment.

The motor portfolio remains one of our most significant business lines in terms of turnover. This sector continues to be highly competitive, leading to sustained pressure on premiums. The continued upward trend in road accidents, particularly in their severity, has impacted negatively on this entire segment once again. Conscious of the responsibility we have as the leading motor insurer, we have undertaken various road safety initiatives in 2017. These included a road safety video, the distribution of disposable breathalyser kits to motorists and safety vests to motorcyclists. We have worked closely with the relevant government departments and our colleagues in the industry to increase awareness and encourage better driving habits.

The health insurance segment has again contributed significantly to the overall general insurance results, registering a growth of 14% in gross written premium. The introduction of new and simpler products has been well received, in particular by corporate and small business clients looking for more cost-effective alternatives. Significant work has also been done internally to reduce claims processing time and increase overall efficiency. The non-motor business on the other hand has come under significant pressure over the past year, with an increase in claims and some high profile incidents that have negatively affected our profitability.

MANAGEMENT REVIEW

We undertook a number of initiatives during the year to add value to the products and services we already offer our customers.

- Offre+: rewarding existing clients with one or two months of free insurance when they subscribe to additional insurance policies. This is in line with our strategy of diversifying our portfolio, focusing on cross-selling and increasing client loyalty.
- Biz Pack: an innovative insurance "package" aimed principally at small and medium enterprises, to encourage and accompany them to better insure their business, assets and employees. Over 300 new policies have been generated through this initiative.
- Referral Programme: rewarding existing clients when they refer a new client to us, as they remain our best ambassadors.
- Medical Insurance "Eco" & "Essentiel": new health insurance products tailored to the needs of small businesses, and for individual clients who are after more affordable solutions.

LIFE INSURANCE REVIEW

The Life Insurance business has exceeded our expectations with a 21% increase in profitability. Our strategy of focusing on profitable new business has yielded excellent results. We remain confident of our ability to sustain this high growth rate in the coming years.

Gross written premiums progressed by 13% in 2017, with unit-linked products making up some 53% of this growth. New business contributed significantly to the upward trend, with a solid 26% growth compared to 2016.

The low rates of overall savings and adequate retirement planning in Mauritius are increasingly a cause for concern. With this in mind, we continue to focus on providing accessible, low premium insurance and savings vehicles tailored to the client's risk appetite.

We have invested in enhanced marketing and communication support for the Life Insurance products, with simpler and more accessible explanatory brochures. In our on-going strategy to remain connected to the needs of our customers, we launched Income Protection Plan at the end of 2017. The product provides a vital safety net for individuals and breadwinners in particular. It ensures a continued source of income and financial stability in the event of a temporary or permanent work stoppage due to illness or injury. The aim is to provide a simple and affordable solution in times of unforeseen financial strain, allowing the policy holder and their family to maintain a certain quality of life.

EAST AFRICA SUBSIDIARIES
2017 performance

The East African operations have posted encouraging results, reporting profits of Rs 57.8M. This improved performance is underpinned by a well-executed Group integration plan that has unlocked a series of synergies and economies of scale across the subsidiaries, laying a strong foundation for them to build on. From an operational perspective we have paid close attention to market penetration and business development, whilst keeping a close eye on internal efficiency and implementing cost control measures. Our strategic focus is on the rapid growth of the East African operations and on the profitable reinvestment opportunities for their retained earnings.

With the launch of the new Strategic Plan, **MUA Ambition 2020**, we expect these four markets to continue their upward trend and to contribute exponentially to the Group's profitability.

Kenya

Phoenix Kenya has seen a marked improvement in its overall performance in 2017. Last year's unsatisfactory results galvanised the management team to be more disciplined in its underwriting, reduce risk exposure, consolidate the distribution channels and follow through on a rigorous cost saving plan. The company's diversified portfolio, strong technical expertise and the support of the Group's Mauritian teams have supported this turn around. Revenue grew by 44%, largely reversing the losses from 2016 bringing them to a more manageable - Rs 8M for 2017.

The excellent growth in the gross written premiums of the fire and motor segments in particular supported the strong results. Marine and the specialised aviation sector also showed good growth in 2017, contributing to an overall growth of 52% in gross written premiums. With an experienced management team in place and the smooth implementation of the Group's integration plan, we have achieved solid results in this important Kenyan market.

Rwanda

Phoenix Rwanda continued its stellar performance. Overall revenue grew by 12% to reach Rs 236M, against Rs 211M in 2016. Profits after tax increased by 29%, amounting to Rs 27M for the year. The sustained growth in gross written premiums was driven by good performance in two key sectors – fire and motor registering increases of 27% and 15% respectively, in local currency terms.

The operations in Rwanda completed an important step in its development with an upgrade of its IT infrastructure. Now all four subsidiaries run a common system with Mauritius, which will allow greater flexibility and economies of scale. The Group's integration plan has delivered positive results on a number of fronts, including the expense ratio and investment income. The combined effect of these changes bodes well, as the company makes further gains in market share.

Tanzania

The operations in Tanzania were adversely affected by the loss of a substantial parastatal business. Changes in local legislation meant that such entities are obliged to direct their business to other parastatals. As a result overall revenue dropped from Rs 511M in 2016 to Rs 333M in 2017. There were significant decreases in gross written premiums in fire, engineering, marine and aviation. The management team had prepared for this eventual loss of business, so the gross written premiums were in line with budget expectations.

On the positive side, profits were substantially higher in 2017 at Rs 34M, from a loss of Rs 6M the previous year. Phoenix Tanzania's major property asset, which had suffered from high vacancies in the previous period, secured several new tenants. This multi-storeyed building in the centre of Dar es Salaam was fully renovated and remains a prime asset. It should be fully let in the coming year, realising its full investment income potential.

Phoenix Tanzania also benefited from the Group's integration plan during 2017. The team completed the consolidation of its distribution channels and branch network. Moreover they received support in the areas of reinsurance, financial reporting, capital management, asset & liability management, information technology and risk.

Uganda

The results from Phoenix Uganda were generally encouraging, after two years of stagnation. They achieved a 4% increase in gross written premiums in 2017. However, profits fell sharply from a high of Rs 19M in 2016 to a modest Rs 4M in the year under review, mainly due to an increase in casualty claims. There was good growth of 20% in the motor sector and 30% in marine insurance.

Business development remains one of our key priorities in this market, as Uganda's forecasted growth rate is set to double from 2016 to 2018. The potential of this largely uninsured market is vast, and our management team feels more prepared than ever for the challenge ahead.

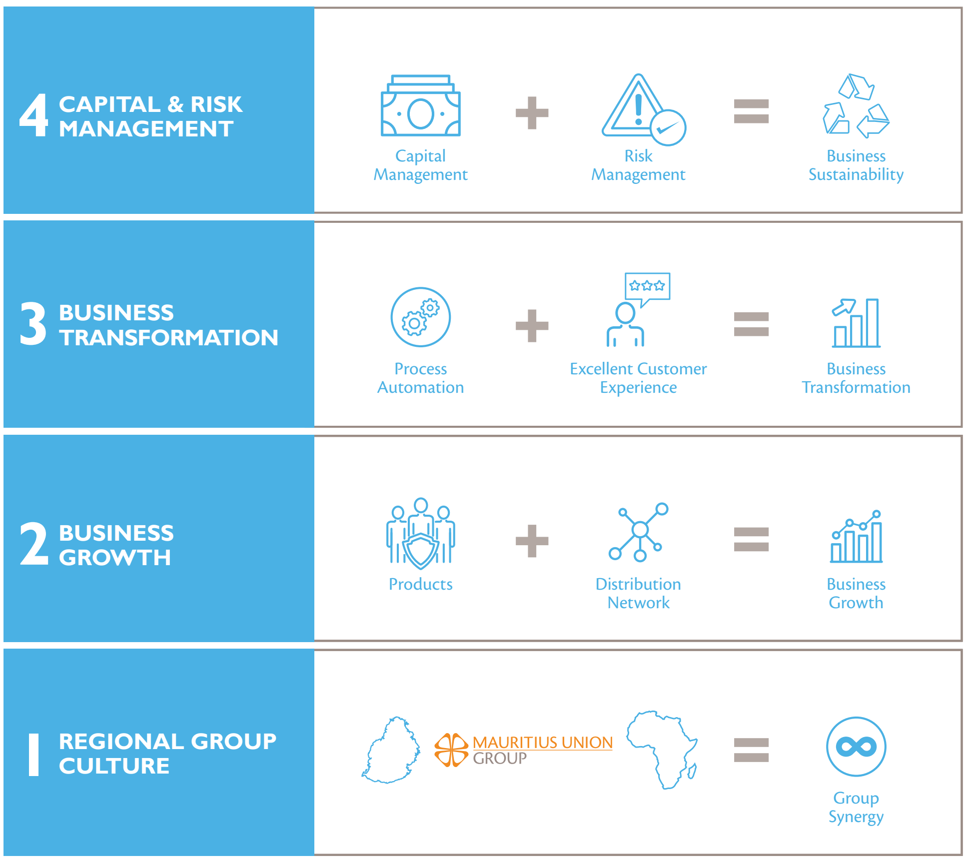
FINANCIAL SERVICES

The Financial Services cluster delivered another positive year of growth. Once again pension scheme administrator Feber Associates led the way with stellar results, revenue growing 52% and profits surging by 33% in 2017. The integration of the Sugar Industry Pension Fund (SIPF) into its operations is now complete. National Mutual Fund (NMF) came back from a challenging year in 2016 by more than doubling its profits in 2017, benefitting from a bullish local stock market and tighter control on administrative expenses.

MANAGEMENT REVIEW

MUA AMBITION 2020

At the beginning of 2018 the Group launched its second Strategic Plan **MUA Ambition 2020**, which sets in motion the fast-paced development of all the Group's entities over the next three years. The main pillars of the plan are solid growth strategies and an ambitious set of initiatives aimed at transforming the Group in line with efficiency-driven technological innovation and the ever evolving expectations of its clients. The four strategic axes are detailed below. The first and fourth axes are group wide strategies, whilst the second and third axes will be entity specific, aligned with individual business and market requirements.



With our financial strength, robust risk management approach and prudent capital management philosophy, we remain extremely well-positioned to take on this new challenge and to successfully meet our strategic objectives.

BERTRAND CASTERES
Chief Executive Officer