



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED

For the first quarter ended 31 March 2024

Economic Landscape

The local currency, depreciated by 70% on the official interbank market, while on the parallel market, the depreciation was even more pronounced, leading to a surge in ZWL prices. Consequently, the country witnessed a spike in annual year-on-year blended inflation, which reached 55.34% in March 2024.

Despite the challenges, in the short term, there is an expectation that the structured currency, Zimbabwe Gold (ZIG), will slow down the decline, albeit under pressure due to prevailing market uncertainties and lack of confidence. Authorities are actively implementing policies to support the ZIG, promote its acceptance and increased use. The usage of foreign currency for local transactions is however expected to remain prominent in the short to medium term.

Business Operations Review

The Business Operations Review shall be in ZWL as Statutory Instrument 60 of 2024 had not been promulgated to law as at the reporting date.

Life and Pensions Business

The life and pensions business posted insurance contract revenue growth of 20% from ZWL65.7 billion to ZWL79.0 billion on inflation adjusted terms for the first quarter ending 31 March 2024 compared to same period prior year and grew by 926% to ZWL37.4 billion from ZWL3.6 billion under historical cost. This segment remains the cornerstone of the Group's success, supported by strategic acquisitions of new business and innovative product development, leading to increased market appetite. The Individual Life division was a standout performer, with new retail business surging 45% attributable to the popularity of the Vaka Yako product.

The Group's profit after tax for the period to 31 March 2024 grew by 118% on inflation adjusted terms to ZWL99.0 billion from ZWL45.5 billion and under historical cost grew by 2518% from ZWL3.1 billion to ZWL80.0 billion.

Micro lending business

The micro-lending business recorded a significant increase in interest income, with a growth rate of 107% from ZWL3.2 billion to ZWL6.6 billion on inflation-adjusted terms compared to same period prior year and grew by 2094% to ZWL2.3 billion from ZWL0.1 billion under historical cost. This growth was driven by an expansion in new business. The company entered into partnership agreements with key strategic partners, paving the way for growth in new markets. Approximately 5% of loan disbursements were allocated to clean energy-related products, demonstrating a commitment to sustainable lending practices. The non-performing loans ratio remained at 7%, outperforming the sector's average of 10%.

Other non-insurance businesses

Non-insurance businesses (Actuarial Consulting Services and Asset Management) achieved an impressive revenue growth of 125% to ZWL12.1 billion from ZWL5.4 billion on an inflation-adjusted basis and grew by 3154% from ZWL0.2 billion to ZWL6.6 billion on a historical cost basis, compared to same period prior year. This growth was fuelled by expansion in new business pipelines, complementing the existing streams. Asset Management funds under management grew by 12% compared to the same period prior year. The Eagle Real Estate Investment Trust (REIT) Fund made significant progress on the Mazowe Mall project and pre-project works in Victoria Falls. The Fund was also granted Prescribed Asset (PA) Status of USD60 million, providing a profitable avenue for the Group to deploy investments that support regulatory compliance. As key components of our 'cradle to grave' model, these business units remain vital to our Group's strategic growth and development.

Outlook

Despite facing significant challenges in the operating environment, the company remains confident in the effectiveness of its strategies and the lasting power of its brand. This optimism is reinforced by the fact that our diverse range of products and services are tailored to meet the needs of our target market, including those that arise during difficult times. Our products and services are designed to be resilient and adaptable, enabling us to weather the current headwinds and emerge stronger.

By order of the board

R. Chidora
Company Secretary
17 May 2024

Directors: L. T. Gwata (Chairman), T. Chitsike, G. Dhombo, F. Dzanya, S. Kudenga, L. Mabhanga, I. Mvere, H. Nemaire, R. Chihota (Managing Director)

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