

# TRADING UPDATE

For the nine months ended 30 September 2024



## Introduction

By order of the Board, I am pleased to present the Q3 2024 Trading Update for the Fidelity Life Assurance of Zimbabwe Limited (FLA) Group.

## Economic Overview

In September 2024, the Reserve Bank of Zimbabwe (RBZ) devalued the ZWG by 43.8% and took an active role on the foreign exchange market through the injection of foreign currency to smoothen supply/demand mismatches. Notwithstanding its active role, the RBZ continues to pursue a tight monetary policy aimed at maintaining currency and price stability. This was evidenced by the bank policy rate increase to 35% while statutory reserve ratios were reviewed upwards to curtail lending and curb speculative borrowing. Despite the devaluation of ZWG and resultant increased ZWG inflation, transactions remain predominantly in foreign currency mirrored in the Group's revenue mix.

## Financial Performance

The Group's insurance contract revenue grew by 5% from USD10.3 million prior year to USD10.8 million in the current period on the back of expanded distribution channels. The use of both traditional and digital platforms has given FLA clients added convenience and ease of doing business resulting in the above mentioned business growth.

The profit for the period grew by 142% from USD3.9 million in the prior year to USD9.3 million in the current period mainly attributable to fair value gains obtained from investment property held.

## Business Operations Review

### Life and Pensions Business

The Life and Pensions business remains the cornerstone of the Group's business as it continues with its strategic thrust to re-orient to core business. During the period under review the local Life and Pension business contributed 64% (2023: 61%) to the insurance contract revenue with the regional unit (Vanguard Life Assurance in Malawi) contributing 34% (2023: 39%). The market demand for the Group's innovative products and organic growth contributed positively to the growth in insurance contract revenue.

Annuities and Individual Life contributed 69% (2023: 40%) to new business expansion fuelled by our customer centric

philosophy. The Vaka Yako product has significantly contributed to the insurance contract revenue and continues to maintain a dominant position in the market. The Group anticipates launching more innovative products to cater to the diverse needs of the market.

The regional Life and Pensions business in Malawi notwithstanding the challenges in the operating environment, witnessed growth of 32% in group business anchored by organic growth of the existing book as well as acquisition of new business.

### Micro lending business

Interest income grew by 126% from prior year and the business is set on doing well after negotiating lines of credit including from non-traditional sources and the unit seeks to diversify disbursements to new segments which is key for portfolio growth.

### Other non-insurance businesses

The non-insurance businesses comprising of the Actuarial Consulting Services and Wealth Management continue to witness growth anchored by opportunities through statutory demands and diversification into infrastructure projects. The business units continue to strengthen the Group's strategic position through their contribution to the FLA ecosystem, a one stop shop of financial services from the cradle to the grave.

### Outlook

The Group will continue to hedge its long-term liabilities with real assets that can do the double duty of preserving and creating value for policyholders and shareholders. FLA will also continue to deploy its all-weather strategy, to build long term wealth and security through innovative customer focused and relevant products by getting into new market segments both locally and regionally and churning out new innovative products tailor made for Zimbabweans in the diaspora with a view to grow our USD revenue streams.

By order of the board

**Ruvimbo Chidora**

Company Secretary  
14 November 2024



**FIDELITY LIFE**  
ASSURANCE OF ZIMBABWE

**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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