

Trading Update

Q1 2022



FIDELITY LIFE
ASSURANCE OF ZIMBABWE

Operating Environment

The value of the Zimbabwe Dollar progressively deteriorated in the first quarter of 2022 which saw year on year inflation steadily rising to 72.2% in March 2022 up from 60.7% as at 31 December 2021.

An erratic 2021-22 rainy season affected the agriculture sector throwing into doubt the attainment of the forecasted GDP growth of 5.5% in 2022. Resultantly, maize imports are now likely, thereby increasing demand for foreign currency and potentially resulting in the further depreciation of the local currency, and high inflation.

The global economy was largely influenced by supply chain disruptions caused by the COVID-19 pandemic and the Russia-Ukraine war. These two nations are major suppliers of crude oil, sunflower and wheat. Zimbabwe is a net importer of all three commodities and any price increases on the global market will result in imported inflation. The anticipated inflation will require the Company to ensure that we are astute with our investments to preserve value for our policyholders and stakeholders.

Financial Performance

The Group's total core revenue for the first three months increased by 33% and 101% from same period prior year in inflation adjusted and historical terms respectively. Core revenue was driven by the life assurance businesses contributing 80% to the total Group core revenue. Non insurance businesses, namely micro-lending, asset management, funeral services and actuarial consultancy services, contributed 20% to the core revenue.

Business Operations Review

Life and Pensions Business

Pursuant to our strategy, the choice of markets and products being rolled out by the Company are beginning to bear fruit and contributing significantly to the business growth. Compared to the first quarter of 2021, all business lines grew by close to 100%.

Other non-insurance businesses

All the other non-insurance businesses got off to a strong start in 2022 on the back of aggressive business growth initiatives and cross selling activities within the group.

Outlook

We are of the view that after the recent shocks in the economy arising from policy pronouncements in the financial services sector, the necessary corrections will come through in the second quarter of 2022 to stabilize the environment. Therefore in terms of our businesses we remain optimistic they will continue to register continued business growth as they respond to unfolding market trends to offer the appropriate products, services and solutions to our clients.

By order of the board

R. Chidora
Company Secretary
15 May 2022