

TRADING UPDATE

Q1 2022



BUSINESS ENVIRONMENT

The global economy entered 2022 in a weaker position than previously expected, with growth projections of 4.4% against 5.9% in 2021. Sub Saharan Africa was projected to register growth of 3.7% in 2022, down from 4% in 2021. The dip in global performance is a feature of the post Covid-19 era which has also been characterized by globally soaring commodity prices such as oil, which went up by more than 55%; elevated inflation driven by supply chain disruptions; and pent-up consumer demand for goods following the reopening of economies in 2021. The war between Russia and Ukraine has further exacerbating supply and demand tensions. According to the IMF World Economic Outlook, the economic damage from the war will slow global growth from an estimated 6.1% in 2021 to 3.6% in 2022 and 2023. This is 0.8 and 0.2 percentage points lower for 2022 and 2023 than projected in January 2022.

In terms of the Covid -19 pandemic, Zimbabwe's vaccination drive (3.34 million or 22.5% of the population having been fully vaccinated) enabled the country to resume normal operations efficiently and safely in 2022. Despite the optimistic start to the financial year, the effects of the Russia – Ukraine war spread to Africa and Zimbabwe, with fuel, cooking oil, gas and wheat price increases. Zimbabwe, being a net importer of all these commodities, has since experienced import inflation in addition to inflation due to the depreciating the local currency. The Company is hopeful that the recent fiscal and monetary measures to restore confidence and macroeconomic stability will yield the desired results.

GROUP PERFORMANCE

The Group recorded a moderate top line growth (Gross Premium Written) of 34% and 116% % from prior period in inflation adjusted and historical terms respectively. While Total Revenue increased by 75% and 188% against prior year performance in inflation adjusted and historical terms respectively. Business segment contribution is as per the table below:-

Business Segment	% Contribution
Reinsurance	52
Life and pensions	31
Reassurance	8
Insurance	5
Property	4

The benefits of the Group's consolidation of heartland investments were however watered down by an unprecedented increase in claims particularly Agricultural claims as a result of climatic changes. As result total expenses and claims increased by 32% from prior year.

OUTLOOK AND BUSINESS GROWTH STRATEGY

ZHL continues to implement its strategy to champion the financial services industry for value chain development and initiate real estate development and growth. Key moves within this strategy include the consolidation of operations to capitalize on economies of scale, elimination of duplicate costs, and exploring strategic partnerships both locally and regionally to enhance its market presence. In 2022 the Group aims to develop an independent wealth management arm, which arm will inform and direct the Group's investment initiatives while offering similar services to the investing public.

While ZHL is a house of various strong brands, the need for a uniform culture has become a real focus. Accordingly, in 2022, ZHL will be carrying out a culture transformation program based on collaboration and transparency to create passion and purpose for the success of the Group.

By order of the Board

Ruvimbo Chidora
Group Legal Executive/ Company Secretary
15 May 2022

BN Kumalo (Chairman), M Haken, J Maguranyanga, D Mateta, I Mvere, HWB Rudland, C von Seidel, E Zvandasara, S Kudenga* (*Executive)

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