ZIMRE HOLDINGS LIMITED

Security Growth and Profitability

TRADING UPDATE Q1 2023

BUSINESS ENVIRONMENT

The first quarter of 2023 saw the global economy heading for a potential financial crisis as financial markets and the banking sector were thrust into turmoil as a result of the tightening of financial conditions. Growth in the Sub-Saharan African economies slowed down on account of the worsening energy crisis, mounting public debt and social unrest all, of which were exacerbated by the geo-political tensions. The Reserve Bank of Zimbabwe ("RBZ") released a welcomed Monetary Policy Statement in February 2023 which saw a reduction of the bank policy rate from 200% to 150% and further to 140%, year end blended inflation target of between 10%-30% and further liberisation of the Willing Buyer Willing Seller foreign currency management system. However, during the quarter under review, the Zimbabwean economy saw a rise in prices of goods and services and a further depreciation of the Zimbabwean Dollar (ZWL). Also in the period under review, the Zimbabwe National Statistical Agency issued the blended Consumer Price Index (CPI) statistics. The adoption of the blended CPI statistics may not be appropriate for financial reporting purposes and the full impact shall be assessed and published in the Group's half year interim reporting.

GROUP PERFORMANCE OVERVIEW

The table below shows the contributions to core revenue by the Group's business segments for the period ended 31 March 2023;

Business Segment	% Contribution
Reinsurance and reassurance	60%
Short term insurance	4%
Property	5%
Insurance broking	2%
Life and pensions	24%
Wealth management	5%

The **Reinsurance and Reassurance** cluster recorded a positive underwriting result and positive cashflows in the first quarter on account of major infrastructural development projects in Zimbabwe. Regional operations witnessed increased external support and continue to target increased participation on major energy risks in the Southern African region. Foreign currency denominated revenue contribution anchored the business at 90% compared to 55% same period prior year, driven by the conversion of ZWL policies to USD and geographical diversification which continues to be a strong hedge for the Group performance. The cluster's performance and credit rating is set to be boosted by the amalgamation of the two Botswana reinsurance entities and recapitalisation of the Mozambique subsidiary.

The **Short-term Insurance** operations were expanded on the back of increased reinsurance treaty underwriting capacity which covered both USD and ZWL denominated insurance contracts and increased credit insurance business. Resultantly, USD revenue now contributes 68% of the segment's income flow. Retention ratio for the period was 81% against prior period of 66% with retention optimisation expected to improve the business's profitability.

The **Property** market remained a preferred investment destination in light of its value preservation qualities and its ability to withstand inflationary pressures. Average monthly collections for the portfolio for the period under review were 93% compared to 90% in first quarter of 2022. The average portfolio yield was 3%. Despite the prevalence of workspace rationalisation and optimisation by a significant number of office tenants, portfolio voids averaged 22% compared to 24% in the first quarter of 2022.

The **Insurance Broking** business recorded a 99% business renewal rate, a clear show of confidence from its diverse clients. The outlook is very promising as the company has capacitated the health and employee benefits lines which are being rolled out on the existing book and new clients. The agriculture team has diversified to other crops in addition to the tobacco stronghold.

The **Life and Pensions** witnessed business growth through acquisition of new business and new product development. This was driven by growth in annuities and individual life which contributed 35% of the new business recorded during the period. The Vaka Yako product continues to be the best-selling product within the life segment, registering a 30% growth in the first quarter of 2023 compared to 18% growth same period prior year.

The **Wealth Management** businesses posted notable growth in new business and services being offered in the first quarter of 2023 compared to same period prior year. A 14% increase in funds under management compared to prior year was recorded while the segment has also introduced a new service line of property project management. The asset management unit also successfully registered the Eagle Real Estate Investment Trust (Eagle REIT) in the first quarter of 2023.

OUTLOOK AND BUSINESS GROWTH STRATEGY

The ZHL Group continues to implement various measures and strategies that will sustain organic and inorganic growth moves and consistent dividend declaration. These moves, despite the challenging economic environment, have caused top line growth that is above inflationary figures. The Group's repositioning has unlocked its business value triangle driven by digitalisation, data analytics and an enhanced human capital value proposition. The Group has renewed its investment focus towards infrastructure and landmark developments, a response to the demand for residential, shopping malls and educational infrastructure. Key strategic moves in previous years will see ZHL harness the various strengths of the Group's new structure and strategic partnerships to rise to market leadership and to drive capacitation of its regional business operations.

By order of the Board

Ruvimbo Chidora

Group Company Secretary
17 May 2023

CredSure Innovative Insurance Solutions | Emeritus Reinsurance | FIDELITY LIFE ASSURANCE OF ZIMBABWE | WFDR Risk Services CREATE | GROW | PROTECT | ZIMRE CAPITAL (PRIVATE) LIMITED | ZIMRE PROPERTY INVESTMENTS LIMITED

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