



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED

For the nine months to 30 September 2023

Economic Overview

The economy experienced relative stability in the third quarter as the measures introduced by Government to halt the depreciation of the local currency took effect. The Zimbabwe dollar ended the quarter 5% marginally firmer while prices, as measured by the blended inflation rate, decelerated in July and August 2023. Despite the firming of the Zimbabwe dollar, the use of foreign currency in domestic transactions remained dominant while transacting in the local currency generally attracted a premium. Revenue for the business' various units is, on average, 70% in foreign currency which is reflective of the operating environment. At the end of the quarter, Zimbabwe National Statistic Agency (ZimStat) adopted a new methodology for the computation of the country's inflation which resulted in year-on-year inflation ending the quarter at 18.4%. Prior to the adoption of the new methodology and restatement of inflation, year-on-year inflation had averaged 99.7% in the eight months to August 2023. The ZimStats Total Consumption Poverty Line (TCPL) is the closest official indicator of Zimbabwe dollar inflation. In September 2023 TCPL was up 250% in comparison to prior year.

Financial Performance

The Group's insurance contract revenue grew by 212% in inflation adjusted terms from ZWL2.5 billion to ZWL7.8 billion current period. The growth in insurance contract revenue was driven by an increase in new policies written, organic growth of the existing book and the increasing USD business written to 83% for the period under review compared to 47% recorded in prior period.

Profit for the period grew by 276% in inflation adjusted terms from ZWL14.7 billion to ZWL55.3 billion current period. In historical cost terms, profit for the period grew by 529% from ZWL4.1 billion to ZWL26.2 billion. The profit is attributable to the sturdy growth in insurance contract revenue and non-insurance investment income.

Business Operations Review

Life and Pensions Business

The life and pensions business witnessed significant growth on performance with innovation being at the core of its strategy execution. The market has been responding positively to the business offering. Individual life contributed 40% to the growth in new business. The Vaka Yako product under Individual Life remains the best-selling product contributing significantly to the growth in insurance contract revenue.

Micro lending business

The micro-lending business continues to display remarkable growth in new business with an increase in the number of new segments coming on board. The extension of the multiple currency regime by the Government to 2030 through Statutory Instrument (SI) 2018 of 2023 is expected to enhance confidence in the financial services sector and free up funds for on-lending. The non-performing loans ratio ended the period at 7% compared to 5% same period prior year.

Other non-insurance businesses

Non-insurance businesses (Actuarial Consulting Services and Wealth Management) continued on a positive growth trajectory with new business and services being offered during the third quarter of 2023 compared to same prior year. The business units continue to strengthen the Group's top line through their contribution to the Fidelity Life ecosystem that provides our clients with a life partner as per our motto "From cradle to grave".

Outlook

The extension of the multiple currency regime to 2030 has brought some calm and relief in the economy. Following the success of the Vaka Yako product, Fidelity Life intends to bring out more customer-centric products that address the varying needs of the Zimbabwean population while the Group remains focused on exploiting opportunities for growth.

By order of the board

Ruvimbo Chidora
Company Secretary
15 November 2023