

BUSINESS ENVIRONMENT

The adjustment to post COVID-19 economics has come with multiple dimensions and a new global dynamic. Most significant to the Group has been the regional energy crisis and the geopolitical tensions between Russia and Ukraine which continue to have an adverse effect on regional and global economic activity. Domestically, inflation was relatively stable early in the year but saw a spike mid-year which has since come back under control through monetary and fiscal policy tightening. Following on from the Harmonized Elections in August 2023, the country's economic activity has begun to gather momentum with expectations high for the increase and release of funding for infrastructure projects.

GROUP PERFORMANCE OVERVIEW

The table below shows the contributions to core revenue by the Group's business segments for the period ended 30 September 2023;

Cluster	% Contribution
Reinsurance and reinsurance	61%
Life and pensions	26%
Property	4%
Wealth management	4%
Short term insurance	3%
Insurance broking	2%

The **Reinsurance and Reinsurance** cluster posted impressive growth in insurance contract revenue in inflation adjusted terms of 129% at ZWL61.4 billion from ZWL26.8 billion and 623% growth in historical cost terms at ZWL37.6 billion from ZWL5.2 billion emanating from new business acquisitions through various developmental projects in the local market. The regional operations' strategy to participate in targeted external markets and big accounts paid off contributing to this jump in insurance contract revenue for the period.

The hybrid business model employed by the **Short-term Insurance** cluster has begun to register an increase in direct business composition from 33% to 58% as at 30 September 2023. This increased the underwriting capacity of the operation and expedited the insurance contract revenue growth by 72% from ZWL 1.8 billion to ZWL3.1 billion in the current period in inflation adjusted terms. Historical cost insurance contract revenue grew by 590% to ZWL2.1 billion from ZWL303.0 million same period prior year. Retention ratio for the period also improved to 71% against prior period ratio of 51%.

The property market continues to be the most sought-after investment option due to its value preservation qualities as a good hedge against inflation. This has seen the **Property** cluster posting a notable 493% growth in rental income in inflation adjusted terms to ZWL8.9 billion from ZWL1.5 billion compared to same period prior year and in historical terms, an 846% growth from ZWL433.2 million to ZWL4.1 billion recorded in current period. Notwithstanding the difficult operating environment, monthly collections for the portfolio for the period under review averaged 90% with an average portfolio yield of 7%. Despite the prevalence of workspace rationalisation and optimisation by a significant number of office tenants, portfolio voids averaged 23% compared to 22% same period prior year.

The **Insurance Broking** business continues to be a trusted business partner, recording a 509% growth in brokerage income in inflation adjusted terms from ZWL755.3 million to ZWL4.6 billion in current period and in historical cost terms at ZWL2.2 billion grew by 925% compared to prior period of ZWL214.7 million driven by increased business renewal rate. To ensure its progress is continuous, the company is restructuring and building capacity for organic growth through the introduction of new businesses such as employee benefits, healthcare and diversifying its agricultural offering.

The **Life and Pensions insurance** contract revenue grew by 212% in inflation-adjusted terms from ZWL2.5 billion to ZWL7.8 billion in the current period. Historical cost insurance contract revenue at ZWL4.8 billion grew by 846% compared to ZWL507.3 million prior period. The growth was on the back of increased uptake of the company's insurance products by the market. The Vaka Yako product was the major contributor to Individual Life Premium at 83%. The product is one of the best performing products in the cluster and the unit has more innovative and customer centric products in the pipeline.

The **Wealth Management** cluster remained resilient in the wake of the turbulent operating environment. As part of a broad strategy to hedge against inflation, one of the units has diversified into the region with the aim of widening its revenue streams. Funds under management increased by 32% compared to prior year to ZWL547.8 billion.

OUTLOOK AND BUSINESS GROWTH STRATEGY

Eastern and Southern Africa are projected by the World Bank to experience a 3.9% Gross Domestic Product (GDP) growth next year. In line with this projection, the ZHL Group intends to solidify its regional investments and improve underwriting capacity. Through the operationalisation of Emeritus International, the Group will be pursuing new markets within the region further hedging Zimbabwe's country risk. The Group is progressing its infrastructure and landmark development drive with projects that will introduce innovative green practices to the country while creating sustainable value to both shareholders and the communities. In 2024, the Group looks forward to proactively pursuing its growth triangle of Cash, Change and Customer on the back of its recently adopted Eagle Culture.

By order of the Board



Ruvimbo Chidora
Group Company Secretary
15 November 2023



D Matete (Chairman), M Haken, J Maguranyanga, I Mvere, R Morgan, NM Vingirai, E Zvandasara, S Kudenga* (*Executive)

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