

TRADING UPDATE



FIDELITY LIFE ASSURANCE OF ZIMBABWE LIMITED

For the first quarter ended 31 March 2025

Economic Landscape

The first quarter of 2025 has seen notable signs of economic recovery in Zimbabwe. The local currency, ZWG, has remained relatively stable since October 2024, with the parallel market exchange rate premium narrowing to below 30%, signalling reduced currency volatility and increased market confidence. The Reserve Bank of Zimbabwe reported improved availability of foreign currency on the official interbank market, supported by an increase in its foreign currency reserves. Additionally, growth in key sectors including agriculture is expected to bolster overall economic recovery. These developments suggest a strengthening economic environment with promising prospects for sustained stability and growth moving forward.

Financial Performance

The company recorded profit after tax of USD1.1 million (ZWG30.4 million), up from USD0.7 million (ZWG18.3 million) in the prior year. The sustained profit level was on account of a strong insurance service result, providing the Group with a solid foundation and a positive start to the year.

Business Operations Review

Life and Pensions Business

The life and pensions division demonstrated robust growth in the first quarter ending 31 March 2025, with a 21% increase in insurance contract revenue of USD3.4 million (ZWG92.2 million) from USD2.8 million (ZWG75.6 million) in the prior year. The individual life segment remains a significant contributor, accounting for 79% of the total revenue to date, reflecting strong market acceptance of our product offering. The Malawian operation contributed 29% to the total revenue and continues to look for opportunities to diversify and grow its revenue streams.

Micro-lending Business

The unit secured long-term credit facilities from financial institutions and revolving credit lines from commercial banks, which have contributed to a 21% growth in the loan book. Furthermore, the business is diversifying its revenue streams by expanding into agency banking, a strategic move geared towards reducing over dependence on traditional lending products and leveraging on the increased demand for digital financial services.

Funeral Services Business

The acquisition of the new fleet marks a significant milestone for the funeral services business, signalling the expansion of operations and bolstering of revenue. Other key developments include the launch of an executive funeral home to serve the premium market segment, as well as expanding our presence into Chinhoyi, Mutare and Victoria Falls. Additionally, the introduction of a low-cost burial package, "bury now, pay later", underscores our commitment to being a life long partner especially during times of need.

Other Non-insurance Businesses

Non-insurance businesses contributed 2% to the Group's total income. Despite their relatively small share, these units remain integral to the Group's strategic commitment to offering a comprehensive range of products and services under one roof, enhancing overall value and client satisfaction.

Outlook

As we look towards the future, FLA remains committed to navigating the evolving landscape of the life insurance industry. Using its data and brand strength, FLA is developing customised insurance products to meet the shifting demographic needs that prioritises financial security and long-term planning.

The asset separation exercise is expected to be concluded shortly. Its conclusion will bring about improved solvency, operational efficiencies and policyholder protections ensuring that FLA continues to meet its regulatory obligations while managing its risks effectively.

By order of the board

Ruvimbo Chidora

Company Secretary

16 May 2025

Directors: L. T. Gwata (Chairman), T. Chitsike, G. Dhombo, F. Dzanya, S. Kudenga, L. Mabhanga, I. Mvere, H. Nemaire, R. Chihota (Managing Director)

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