

# TRADING UPDATE

FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2022



## BUSINESS ENVIRONMENT

Whilst the economy continues on a recovery path following the devastating effects of the Covid 19 Pandemic, the business environment has been riddled with various challenges in 2022. The third quarter was characterized by currency stability and saw the easing of inflationary pressures as a result of tightened monetary policies and other complementary measures. Whilst drought and fiscal indiscipline remain the main threats to local inflation, global instability has seen energy and basic commodity prices soaring close to all time highs and driving some global economies into recessions.

## GROUP PERFORMANCE

The ZHL Group's total income for the nine months to September 2022 grew by 193% in inflation adjusted terms and 1044% in historical cost terms. The growth was propelled by reinsurance and life and pensions business operations each contributing 53% and 35% respectively. The positive total income growth resulted from real business growth emanating from organic growth, new business acquisition and positive investment returns from investment property and equities.

Reinsurance business segment's positive performance of 48% in inflation adjusted terms and 53% in historical cost terms was driven by new business acquisition and high renewal rates. Regional reinsurance subsidiaries operating in stable environments contributed 49% of the income. Life and pensions business segment grew by 100% in inflation adjusted terms and 200% in historical cost terms underpinned by growth in the life assurance business. The general insurance business segment's gross premium written grew by 31% in inflation adjusted terms and 207% in historical cost terms reflecting the growth in the credit core and bonds business. Support from strategic partnerships in terms of broker business also saw the motor book increasing significantly during the period under review.

Total claims and expenses increased by 56% in inflation adjusted terms and 613% in historical cost terms, the increase was a result of higher claims experience from agriculture and cyclone related claims and high operating costs recorded by local entities due to inflationary pressures currently obtaining in the economic environment.

The Group recorded a profit in inflation adjusted terms from a loss position in prior year and a 3732% growth in historical cost terms and continue generating positive cashflows in line with the Group's strategy of cash, customer and change mantra.

## OUTLOOK AND BUSINESS GROWTH STRATEGY

2022 has been a challenging year, however the ZHL ecosystem has proved to be adaptive and responsive to the tense macro-economic environments across all jurisdictions. As the Group continues to pursue its business growth triangle with more focus placed on strong cash generation, the Group intends to meet customer needs and provide sustainable shareholder value. Culture change has been initiated through the adoption of the Eagle mentality which notwithstanding the downgrading of global growth projections both by the World Bank and the Ministry of Finance and Economic Development from 4.1% to 2.9% and 5.5% to 4.6% respectively, will propel the ZHL Group to actively seek local and regional opportunities that create Security, Growth and Profitability as the Group repositions itself as an international player.

By order of the Board

A handwritten signature in black ink, appearing to be 'RChidora'.

**Ruvimbo Chidora**

*Group Legal Executive/Company Secretary*

**9 November 2022**

D. Matete (*Chairman*), M Haken, J Maguranyanga, I Mvere, HWB Rudland, C von Seidel, E Zvandasara, S Kudenga\* (*\*Executive*)