

BUSINESS ENVIRONMENT

The trading environment during the first quarter of 2024 proved to be challenging as exchange rate depreciation and inflation volatility persisted. The Zimbabwean Dollar (ZWL) Interbank Exchange Rate to the US Dollar shed 256% during the quarter under review. These challenges and the looming threat of challenges posed by climate-related disasters further exacerbate the economic landscape.

The much-anticipated 2024 Monetary Policy Statement was presented on the 5th of April 2024, ushering in a new currency named the Zimbabwe Gold (ZiG) which is expected to curb exchange rate and inflation volatility.

GROUP PERFORMANCE OVERVIEW

The Group performance overview is in ZWL as Statutory Instrument 60 of 2024 had not been promulgated to law as at the reporting date.

The table below shows the contributions to core revenue by the Group's business segments for the period ended 31 March 2024;

Business segment	% contribution	
	2024	2023
Reinsurance and reinsurance	54%	60%
Life and pensions	31%	24%
Property	5%	5%
Wealth management	5%	5%
Short term insurance	3%	4%
Insurance broking	2%	2%

The **Reinsurance and Reinsurance** segment's insurance contract revenue increased by 23% to ZWL210.0 billion from ZWL171.1 billion in inflation-adjusted terms compared to same period prior year, and grew by 1,906% to ZWL140.4 billion from ZWL7.0 billion under historical cost terms. The growth was driven by new business acquisitions and increased market share in Zimbabwe and the regional operations. The segment continues to expand its reach, making inroads into new markets across North and Central Africa. Geographical diversification remains a key strength, providing a robust hedge for the Group's performance. Following the successful merger of the two Botswana reinsurance entities and the recapitalization of the Mozambique subsidiary, the segment is poised for further improvement, with enhanced underwriting capacity in new business classes.

The **Short-term Insurance** business witnessed a remarkable growth in direct business increasing from 33% to 46% in the current period ending 31 March 2024. This led to a modest growth in insurance contract revenue, rising by 43% to ZWL10.7 billion from ZWL7.5 billion in inflation-adjusted terms, and grew by 254% to ZWL1.4 billion from ZWL0.4 billion in historical cost terms. The segment's profitability was enhanced due to a reduction in acquisition costs, decreasing from 31% to 27% compared to the same period last year.

The **Property** segment continues to thrive, posting a 62% revenue growth to ZWL11.0 billion from ZWL6.8 billion in inflation-adjusted terms and a 1,172% increase to ZWL6.7 billion from ZWL0.5 billion in historical cost terms, compared to the same period last year. This sustained growth underscores the property market's resilience and appeal as a preferred investment haven, driven by its value preservation qualities and ability to withstand inflationary pressures. During the review period, the portfolio exhibited a collection rate of 90% on average, slightly below 93% recorded in the first quarter of 2023, while portfolio voids averaged 15%, a marked improvement from the 22% reported in the first quarter of 2023, given the ongoing trends of workspace optimisation by office tenants.

The **Insurance Broking** business posted a revenue growth of 53% to ZWL11.5 billion from ZWL7.5 billion in inflation-adjusted terms and 1,849% to ZWL4.7 billion from ZWL0.2 billion in historical cost terms during the period ending 31 March 2024. This growth was driven by strong organic expansion in the Farming and Health care segments, which saw a 100% business renewal rate, demonstrating the trust and confidence of its diverse client base, highlighting the business' successful strategies and its ability to adapt to market demands.

The **Life and Pensions** segment recorded strong growth, with insurance contract revenue increasing by 20% to ZWL79.0 billion from ZWL65.7 billion in inflation-adjusted terms and a 926% surge to ZWL37.4 billion from ZWL3.6 billion in historical cost terms for the first quarter ending 31 March 2024, compared to the same period last year. The growth was driven by strategic acquisitions of new business and innovative product development leading to increased market demand and a substantial uptake of products. The Vaka Yako product continues to be popular among customers, driving expansion in new retail business for the quarter, as its appeal and value resonated with the market.

The **Wealth Management** businesses experienced a significant widening of revenue streams, driven by new business growth and through collaborations with key strategic partners. This resulted in a 132% revenue increase to ZWL19.0 billion from ZWL8.2 billion in inflation-adjusted terms compared to same period last year. Under historical cost terms, the revenue grew by 2,713% to ZWL10.0 billion from ZWL0.4 billion. The Eagle Real Estate Investment Trust (REIT) Fund achieved notable milestones, including progress on the Mazowe Mall project and pre-project works in Victoria Falls, as well as securing Prescribed Asset (PA) Status of USD60 million.

OUTLOOK AND BUSINESS GROWTH STRATEGY

The Group's strategy involves increasing the contribution from our regional investments by upscaling their balance sheet and effective deployment of competitive capital across all strategic business units. The Eagle REIT project which was granted Prescribed Asset Status during the reporting period is set to drive the Group's property portfolio strategy towards high yielding commercial and retail sectors. The ZHL Group remains optimistic to deliver growing value to its various stakeholders on the back of a strong cash wallet.

Bv order of the Board



Ruvimbo Chidora
Group Company Secretary
20 May 2024



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

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