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REPORT & ACCOUNTS

HALF YEAR 2022



GAMALIFE - COMPANHIA DE SEGUROS DE VIDA, S.A.

Rua Barata Salgueiro, n.º 28, 5.º, freguesia de Santo António, Lisboa
Registada na Conservatória do Registo Comercial de Lisboa e NIPC 503 024 856
Capital Social EUR 50.000.000

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MANAGEMENT REPORT

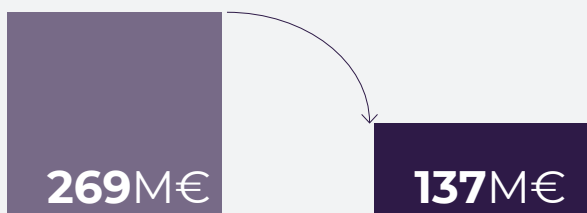
KPI



TOTAL PRODUCTION

-49%

Stable risk life production and significant decrease in unit linked business reflecting intense volatility in financial markets.



June 2021

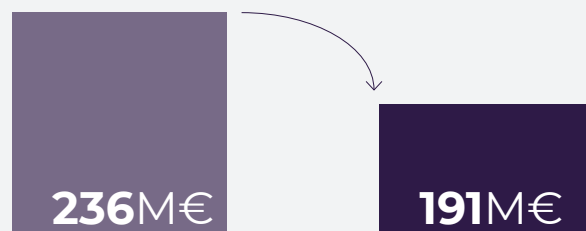
June 2022



EQUITY

-19%

Shareholders' equity reduced following payment of the 2021 dividend and due to the strong reduction in revaluation reserves, despite the results obtained.



December 2021

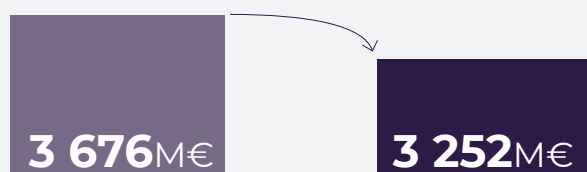
June 2022



TOTAL ASSETS

-11,5%

The decrease in the total value of assets is due mainly to the impact of the increase in interest rates impacting asset valuations.



December 2021

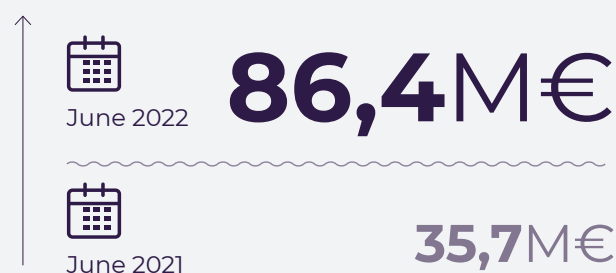
June 2022



NET PROFIT

+142,3%

The half-year net profit mainly reflects non-recurring gains resulting from the release of the provision for rate commitments.



June 2022

June 2021

1.1 Results and Main Indicators for the six months to 30 June 2022

1.1.1 Overview

GamaLife's net result in the first half of 2022 was €86.4 million, presenting a significant increase of €35.7 million compared to the same period in the previous year.

Premium volume was €137 million, representing a 49% decrease compared to the same period in the previous year, reflecting lower consumer appetite for investment fund-linked insurance at a time of inflationary concerns and intense volatility in the financial markets.

Total assets decreased 12.6% year-on-year to €3.3 billion, following the impact of the evolution of interest rates in the year to date, the maturity of financial product contracts and the drop in the volume of premiums on investment contracts.

GamaLife's Equity decreased by approximately €46 million to €191 million, reflecting a sharp decrease in fair value reserves, following capital markets movements, and the result of the first six months, net of the €15 million profit distribution approved at GamaLife's Annual General Meeting and settled in April.

MAIN INDICATORS

(in thousands of euros)

Balance Sheet Variables	30 June 2022	31 December 2021	30 June 2021
Total Assets	3 251 790	3 676 136	3 722 351
of which: Liquidity, Investments and Other Tangible Assets	3 177 183	3 611 153	3 665 254
Total Liabilities	3 061 237	3 439 751	3 489 132
of which: Direct Insurance Technical Provisions	1 316 507	1 497 430	1 641 326
of which: Investment Contract Liabilities	1 554 688	1 753 066	1 633 293
Equity	190 554	236 385	233 219

Profit and Loss Variables	30 June 2022	31 December 2021	30 June 2021
Gross Written Premiums	45 200	73 724	37 216
Commissions on Insurance Contracts classified as investment contracts	7 208	13 206	5 759
Change in other technical reserves, net of reinsurance ("LAT")	109 401	4 116	19 468
Profit sharing net of reinsurance	(596)	(1 040)	(1 918)
Net Profit for the year	86 392	42 464	35 657
Adjusted EBITDA¹	4 620	19 698	7 751

Ratios ²	30 June 2022	31 December 2021	30 June 2021
Net Result/Equity (RoE)	90,7%	18,0%	30,6%
Net Result/Assets	5,3%	1,2%	1,9%
Equity/Total Assets (Assets Ratio)	5,9%	6,4%	6,3%
Debt/Debt & Equity (Leverage Ratio)	32,1%	27,6%	27,9%
Dated Debt / Total Debt & Equity	16,0%	13,8%	13,9%
Debt Cost Ratio	(2,3%)	(-2,3%)	(2,3%)
Cost of Claims/Gross Inflow			
Insurance contracts	(148,9%)	(457,4%)	(451,2%)
Investment contracts	(105,3%)	(107,6%)	(179,9%)

¹ Adjusted EBITDA represents normalised result before tax, interest paid, depreciation and amortisation. This adjusted result excludes changes in LAT reserve and other provisions, and excludes other technical and non-technical gains/losses.

² Whenever applicable, ratios are annualised

1.1.2 Results to 30 June 2022

The result before tax in the first half of 2022 was €115.2 million (€86.4 million after tax), driven by several key factors, such as:

- A change in other technical provisions which results in a €109.4 million gain following the near-total release of the provision for rate commitments (the Liability Adequacy Test or "LAT" reserves) due to the significant rise in the interest rate curve of Portuguese public debt.
- An improvement in the technical result following the run-off of the portfolio of products with high guaranteed rates, and a change in the business mix of new products.
- An increase in operating costs due to the recruitment of new employees and increased IT and consulting expenses, related to specific critical or strategic projects (namely the investment in upgraded information systems, and the preparation for IFRS17 and IFRS9).
- An increase in commissions, following a higher volume of mathematical provisions in products linked to investment funds, compared to the same period in 2021.
- Other technical and non-technical gains and losses that arise from management actions focused on balance sheet and non-technical reserve optimisation.

1.1.3 Production

GamaLife's total production in the first half of 2022 was €137 million, representing a decrease of 49% compared to the same period last year, particularly in investment contracts, reflecting the company's product offering during a period of inflationary concerns and intense volatility in financial markets.

(in thousands of euros)

Gross Inflow	30 June 2022	30 June 2021
Portugal		
Insurance Contracts		
Life Annuities	132	31
Other Risk Products	28 749	28 672
Capitalisation Products	9 984	1 042
Retirement Savings Plans	6 312	7 439
Sub Total	45 176	37 184
Investment contracts		
Capitalisation Products	65 743	157 046
Retirement Savings Plans	25 819	74 812
Sub Total	91 562	231 858
Spain	24	32
Total	136 762	269 074

This drop compares unfavourably with the market, where direct life insurance production in the first five months of 2022 was €2.8 billion, representing growth of 2.8%. GamaLife, as at 31 May 2022, was in 7th place in the ranking of insurers in Portugal, in terms of life business, with a market share of 4.9%¹ (31 May 2021: 7.9% and 5th place).

Life Risk Products

The volume of Life Risk insurance premiums remained stable compared to the same period of 2021, growing by 0.6%.

¹ Insurance and Pension Funds Supervisory Authority (ASF) data as at 31 May 2022

Financial Products

The volume of financial insurance premiums linked to investment funds recorded by GamaLife in the first 5 months of 2022 decreased by 52%, while the market only decreased by 10%. The difference between GamaLife and market can be explained by the fact that, in 2021, the growth of GamaLife was well above the market average. The context of high market volatility, as seen in recent months, presents challenges to counteract lower client appetite for this type of product.

However, in products not linked to investment funds the market registered a growth of 21%, while GamaLife registered an increase of 26%.

1.2 Economic Situation

1.2.1 International economic situation

Growth proved resilient for much of 2021, however the outlook for 2022 is different. At the moment when repercussions of the pandemic were still reverberating in many countries, two major and new shocks hit the world in the first half of 2022: the resurgence of inflation to levels not seen in 40 years and the outbreak of the war in Ukraine at the end of February. These events are bound to have far-reaching consequences that are impossible to quantify in detail at this moment.

Following the events in Ukraine, much of the international community responded quickly with sanctions on Russia that are unprecedented in terms of severity and scope. The immediate effects of the conflict on global financial market listings have been significant and the volatility remained high in many market segments. The prices of commodities, especially in energy products, have risen further. Overall, the war in Ukraine is exacerbating downside risks to the global economic cycle and upside risks to inflation.

Monetary Policy

The inflation spikes which emerged at the beginning of 2022 have delivered a sharp adjustment of monetary policy expectations, with the vast majority of Central Banks, including the ECB, planning a front-loaded tightening cycle.

In March, the ECB's Governing Council judged that the conflict would have considerable repercussions for economic activity and inflation in the euro area and announced that it would adopt all the measures necessary to guarantee price and financial stability.

The FED, on its side, started already the adjustment in its monetary policy stance by hiking rates and taking the levels of its benchmark funds to a range of 1.5% and 1.75% by the end of June 2022.

Economic Prospects

On the global growth side, the first half of 2022 delivered disappointment relative to the beginning of the year, with revisions to the growth outlook for developed markets worse than what was seen on average since 2013, after excluding the post COVID rebound of 2021. Historically, since 2013 the cumulative downward revision to the growth outlook measured on a rolling four quarters has been of the order of about 1%, compared with a range of 1.5% to 2% in the first half of 2022. The key drivers for the slow growth widely considered to be sluggish household consumption, weak foreign demand and low levels of industrial production across many sectors.

Heightened uncertainty and the possibility of a muted growth have not been able to sway the monetary actions of central banks and the rates of government bonds increased because of a tightened monetary policy around the globe: the yield of the 10Y Bund increased in the year to date by 150 basis points, while the rates of peripheral countries registered increases of around 180 to 200 basis points. The volatility and the scale of adjustment have been unprecedented in just six months of activity.

Credit markets have been affected by the volatility of rates and by widening credit spreads

across all ratings and categories. Every sector has underperformed. Activity in primary markets slowed down and illiquidity hit trading conditions in secondary markets. Outflows have dominated inflows in credit and this phenomenon had a severe impact on prices. Financing conditions have tightened for all companies, and it is too early to formulate a clear view of whether current spreads represent value relative to market fundamentals.

Going forward, two specific factors darken growth prospects and financial stability: much of the impact of developments in commodity markets is still to be felt, and macro-financial vulnerabilities loom large. These factors are especially significant against monetary policy tightening underway in many economies. The conjunction of historically high private and public debt levels and elevated asset prices could prompt more retracements in the financial markets which are no longer supported by the large balance sheets of central banks.

Global GDP growth is now projected to slow sharply this year, to around 3%, and remain at a similar pace in 2023. This is well below the pace of recovery projected last December, which closer to 4.5%.

1.2.2. National economic situation

The Portuguese economy grew by 4.9% in 2021, below its pre-pandemic level. The growth recorded in the euro area was similar but slightly higher at 5.3%. The deeper impact of the pandemic on the Portuguese economy reflected the higher share of tourism exports compared to rest of Europe.

Portugal's fiscal deficit reached 2.8% of GDP in 2021 (compared with 5.8% in 2020), significantly better than the government's target of 4.3% of GDP, and lower than the average deficit in the eurozone. Portugal's fiscal deficit is also below the current median deficit of 'BBB' category peers at 4.4% of GDP. The political stability of the current Government after January's election is an important consideration, and it is appreciated by rating agencies.

Relating to 2022, GDP growth was 2.6% in the first quarter while the inflation rate in June has reached 8.7% YoY. All the major indicators for the first six months of the year reveal a sound economy which benefits indeed from the recovery of tourism. While there are undoubted variations of economic expectation across the Eurozone, the Bank of Portugal remains conservative for the remaining part of the year and the prospects for 2023, where the growth expectations are more subdued and remain at around 2.6%.

1.3 Governing Bodies

As of 30 June 2022 the composition of the Governing Bodies of GamaLife - Companhia de Seguros de Vida, S.A. (GamaLife) was as follows:

Board

Matteo Castelvetri (Chairman)
Gonçalo Colaço de Castro Pereira (Vice-Chairman)
Alistair Wallace Bell (Member)
Filomena Teresa Mil-Homens Ferreira Santos (Member)

Board of the General Meeting

Mário Lino Dias (Chairman)
José Miguel de Seabra Lopes Marcão (Secretary)

Fiscal Council

António Joaquim Andrade Gonçalves (Chairman)
João José Barragão Pires (Member)
Paulo Guilherme Marques (Member)
Paulo Ribeiro da Silva (Alternate Member)

1.4 Final note

As a final note, it is highlighted that the content of this report complies with the applicable regulatory requirements, its preparation is the responsibility of the Company's Board of Directors and it was not audited.

The Board of Directors wishes to express its gratitude for the trust that Customers and Shareholders place in the Company, as well as the commitment and professionalism shown by its employees and other stakeholders of the Company.

The Board of Directors would also like to express its gratitude for the cooperation provided by the Fiscal Council, the Statutory Auditor, the Insurance and Pension Funds Supervisory Authority (ASF), the Portuguese Insurers Association (APS) and the Securities Market Commission (CMVM) in the various areas of their competence.

Lisbon, 2 August 2022

The Board of Directors

1.5 Statement referred to in Article 29-J 1 c) of the Portuguese Securities Code

Article 29-J.1 c) of the Securities Code requires that each of the persons responsible for issuers make a number of declarations, as provided for therein. In the case of the Company, a standard declaration has been adopted, worded as follows:

I hereby declare, under the terms and for the purposes of Article 29-J.1 c) of the Securities Code that, to the best of my knowledge, the management report, the condensed financial statements and other accounting documents of GamaLife - Companhia de Seguros de Vida, S.A., all for the first half of the financial year 2022, were prepared in accordance with the applicable accounting standards, giving a true and fair view of the assets and liabilities, financial position and results of that company, and that the management report faithfully sets out the evolution of the business, performance and position of that company, containing a description of the principal risks and uncertainties that they face.

Under the terms of this legal provision, the names of the signatories and their functions are indicated:

Name	Function
Matteo Castelvetri	Chairman of the Board of Directors
Gonçalo Colaço de Castro Pereira	Vice-Chairman of the Board of Directors
Alistair Wallace Bell	Member of the Board of Directors
Filomena Teresa Mil-Homens Ferreira Santos	Member of the Board of Directors

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FINANCIAL STATEMENTS
APPENDICES TO THE FINANCIAL
STATEMENTS

2.1 Profit and Loss Account

30 JUNE 2022 AND 30 JUNE 2021

(in euros)

Profit and Loss Account	Note	June 2022	June 2021
Earned Premiums Net of Reinsurance	5	29 113 825	20 495 488
Gross premiums written		45 199 773	37 215 667
Reinsurance ceded premiums		(15 811 431)	(16 587 142)
Provisions for unearned premiums (change)		(274 517)	(133 037)
Commissions of insurance contracts and operations considered for accounting purposes as investment contracts or as service contracts	6	7 207 872	5 758 546
Cost of Claims, Net of Reinsurance	7	(62 354 577)	(165 376 970)
Amounts paid		(70 922 473)	(170 441 088)
Gross amounts		(77 209 927)	(173 626 027)
Reinsurers' share		6 287 454	3 184 939
Provisions for claims (change)		8 567 896	5 064 118
Gross amount		9 288 593	5 174 387
Reinsurers' share		(720 697)	(110 269)
Other technical provisions, net of reinsurance	8	109 400 989	19 467 892
Mathematical Reserve of Life Business, Net of Reinsurance	9	34 930 498	145 768 942
Gross amount		34 908 324	145 842 232
Reinsurers' share		22 174	(73 290)
Profit-sharing, net of reinsurance	10	(595 525)	(1 918 388)
Net Operating Costs & Expenses	11	(14 800 194)	(14 040 071)
Acquisition costs		(10 242 338)	(9 996 494)
Administrative costs		(4 692 602)	(4 138 473)
Reinsurance commissions & profit-sharing		134 746	94 896
Financial Income	12	18 660 587	17 646 680
From interest on financial assets not carried at fair value through profit & loss		15 651 703	14 119 573
Other		3 008 884	3 527 107
Other Financial Costs	13	(4 946 556)	(5 066 357)
Net Gains on Financial Assets & Liabilities Not Carried at Fair Value Through Profit or Loss	16	1 202 944	6 061 113
On available-for-sale assets		1 237 501	9 096 425
On financial liabilities carried at amortised cost		(34 557)	(3 035 312)
Net Gains on Financial Assets & Liabilities Carried at Fair Value Through Profit or Loss	17	(31 885 404)	(11 382 826)
Net gains of financial assets & liabilities held for trading		(25 701 757)	(11 953 972)
Net gains on financial assets & liabilities classified in the initial recognition at fair value through profit or loss		(6 183 647)	571 146
Currency translation differences	18	26 983 175	8 713 413
Other technical income/costs, net of reinsurance	19	556 418	1 738 603
Other provisions (change)	20	1 333 114	11 797 334
Other income/expenses	21	355 555	5 357 430
RESULT BEFORE TAXES		115 162 721	45 020 829
Corporation tax for the period – Current tax	32	(9 080 829)	(3 911 089)
Corporation tax for the period – Deferred tax	32	(19 689 872)	(5 452 283)
NET INCOME FOR THE PERIOD		86 392 020	35 657 457
Earnings per basic and diluted share		1.73	0.71

2.2 Statement of Comprehensive Income

30 JUNE 2022 AND 30 JUNE 2021

(in euros)

Statement of Comprehensive Income	Note	June 2022	June 2021
Net Income For The Period		86 392 020	35 657 457
Change in revaluation reserves			
Items already reclassified for the income statement			
Sales of financial assets available for sale		(1 237 501)	(9 096 425)
Items that are likely to be reclassified to the income statement			
Change in fair value of financial assets available for sale		(186 219 115)	(23 502 846)
Changes in current tax and deferred	32	42 128 040	316 426
Other equity variations			
Items that will not come to be reclassified to the income statement			
Other gains / (losses) recognized directly in equity (shadow accounting / actuarial remeasurements)	40	28 105 030	31 411 600
Total comprehensive income of the year, net of tax		(30 831 526)	34 786 212

2.3 Statement of financial position

30 JUNE 2022 AND 31 DECEMBER 2021

(in euros)

Statement of financial position	Note	June 2022	December 2021
ASSETS			
Cash and cash equivalent and sight deposits	22	188 399 287	147 213 698
Financial assets held for trading	23	4 011 635	1 437 682
Financial assets classified on initial recognition at fair value through profit or loss	24	1 165 917 885	1 395 837 314
Available-for-sale assets	25	1 747 542 224	1 996 053 867
Loans and receivables	26	17 585 652	16 703 045
Time deposits		17 549 411	16 664 893
Loans granted		36 241	38 152
Land & buildings held for income	27	31 834 366	53 363 424
Land and buildings for own use		3 077 066	3 100 674
Land and income buildings		28 757 300	50 262 750
Other tangible assets	28	325 730	342 864
Other intangible assets	29	753 938	458 919
Technical provision of reinsurance ceded	30	6 015 378	6 305 406
Provisions for unearned premiums		5 694	4 140
Mathematical reserve of life business		934 091	911 918
Provisions for claims		4 663 618	5 384 315
Provision for profit-sharing		411 975	5 033
Assets for post-employment benefits and other long-term benefits	15	1 429 716	1 476 316
Other Debtors For Insurance & Other Operations	31	8 798 567	12 502 903
Receivables for direct insurance operations		656 154	1 058 112
Receivables from other reinsurance operations		64 294	497 111
Receivables from other operations		8 078 119	10 947 680
Tax assets	32	57 188 737	43 945 821
Current tax assets		46 105	40 981
Deferred tax assets		57 142 632	43 904 840
Accruals and deferrals	33	421 060	294 071
Non-current assets held for sale and discontinued operations	34	21 566 250	200 800
TOTAL ASSETS		3 251 790 425	3 676 136 130

STATEMENT OF FINANCIAL POSITION
 30 JUNE 2022 AND 31 DECEMBER 2021

(in euros)

Statement of financial position	Note	June 2022	December 2021
LIABILITIES			
Technical provisions	30	1 316 507 256	1 497 429 678
Provisions for unearned premiums		3 032 997	2 758 481
Mathematical reserve of life business		1 270 359 534	1 305 266 302
Claim provision For life business		33 742 077	43 030 669
Provision for profit-sharing		6 869 139	10 974 520
Liability adequacy test		2 503 509	135 399 706
Financial liabilities of the deposit component of insurance contracts and operations considered for accounting purposes as investment contracts	35	1 554 687 632	1 753 066 033
Other Financial liabilities	36	118 578 343	117 710 901
Subordinated debt		90 066 950	90 062 178
Deposits received from reinsurers		7 954	7 954
Other		28 503 439	27 640 769
Other Creditors for Insurance Operations and Other Operations	37	32 726 828	30 026 756
Payables for direct insurance operations		22 903 268	19 378 942
Payables for other reinsurance operations		5 263 674	6 472 353
Payables for other operations		4 559 886	4 175 461
Current tax liabilities	32	1 639 642	2 747 211
Accruals and deferrals	38	29 653 820	29 994 006
Other provisions	39	7 443 264	8 776 379
TOTAL LIABILITIES		3 061 236 785	3 439 750 964
EQUITY			
Share Capital	40	50 000 000	50 000 000
Revaluation reserves		(160 288 897)	(937 311)
For adjustment of the fair value of financial assets		(161 346 349)	(1 218 859)
For currency translation differences		1 057 452	281 548
Tax reserves		43 331 682	1 203 642
Other reserves		171 118 835	143 654 682
Net income for the period		86 392 020	42 464 153
TOTAL EQUITY		190 553 640	236 385 166
TOTAL LIABILITIES AND EQUITY		3 251 790 425	3 676 136 130

2.4 Statement of Changes in Equity (note 40)

BETWEEN 30 JUNE 2021 AND 30 JUNE 2022

(in euros)

	Note	EQUITY	Revaluation reserves		Other reserves		Net income for the period	Total Equity
			For adjustment of the fair value of financial assets	Deferred and current tax reserve	Legal reserve	Other reserves		
Balance at June 30, 2021		50 000 000	4 027 414	(310 191)	50 000 000	93 844 041	35 657 457	233 218 721
Adjustment for net gains in the fair value of financial assets available for sale	25	-	(18 134 095)	-	-	-	-	(18 134 095)
Net earnings by differences in exchange rate financial assets available for sale	25	-	233 154	-	-	-	-	233 154
Adjustment for recognition of deferred and current taxes	32	-	-	1 513 833	-	-	-	1 513 833
Other gains/(losses) recognized directly in equity (shadow accounting/actuarial remeasurements)	15,40	-	12 936 216	-	-	(189 359)	-	12 746 857
Total changes in equity		-	(4 964 725)	1 513 833	-	(189 359)	-	(3 640 251)
Net income		-	-	-	-	-	6 806 696	6 806 696
Balance at December 31, 2021		50 000 000	(937 311)	1 203 642	50 000 000	93 654 682	42 464 153	236 385 166
Adjustment for net gains in the fair value of financial assets available for sale	25	-	(188 232 520)	-	-	-	-	(188 232 520)
Net earnings by differences in exchange rate financial assets available for sale	25	-	775 904	-	-	-	-	775 904
Adjustment for recognition of deferred and current taxes	32	-	-	42 128 040	-	-	-	42 128 040
Increases reserves by applying results	40	-	-	-	-	42 464 153	(42 464 153)	-
Distribution of profits / losses		-	-	-	-	(15 000 000)	-	(15 000 000)
Other gains/(losses) recognized directly in equity (shadow accounting/actuarial remeasurements)	15,40	-	28 105 030	-	-	-	-	28 105 030
Total changes in equity		-	(159 351 586)	42 128 040	-	27 464 153	(42 464 153)	(132 223 546)
Net income		-	-	-	-	-	86 392 020	86 392 020
Balance at June 30, 2022		50 000 000	(160 288 897)	43 331 682	50 000 000	121 118 835	86 392 020	190 553 640

2.5 Statement of cash flows

30 JUNE 2022 AND 30 JUNE 2021

(in euros)

Statement of cash flows	Note	June 2022	June 2021
FLOW FROM OPERATING ACTIVITY			
Receivables			
Operations with Insurance Contracts		46 949 021	39 522 077
Operations with Reinsurance		2 496 479	660 496
Operations with investment contracts		93 236 385	243 278 132
Other Operating Activities		3 383	3 854
Payments			
Operations with Insurance Contracts		(76 885 176)	(172 231 198)
Operations with Reinsurance		(15 530 189)	(30 852 958)
Operations with investment contracts		(98 026 974)	(423 529 756)
Commissions		(4 124 434)	(14 714 480)
Profit Sharing		(91 084)	(956 105)
Other Operating Activities		(441 249)	(19 863)
Payments to Staff		(1 666 606)	(1 090 867)
Payments to Suppliers		(6 047 057)	(5 088 193)
Other payments and receivables		2 430 995	5 568 558
Taxes and fees		(4 516 510)	(23 679 476)
Income Taxes		(1 121 275)	10 699 019
Operating Activities (1)		(63 334 291)	(372 430 760)
FLOW FROM INVESTMENT ACTIVITY			
Receipts			
Sell of Investments		2 351 337 646	2 687 916 900
Repayment of deposits		206 253 404	570 142 292
Dividends		3 731 485	185 710
Interest		14 740 784	26 023 857
Other Income		3 750 995	42 924 174
Payments			
Acquisition of Investments		(2 252 442 471)	(2 065 744 485)
Constitution of deposits		(205 368 886)	(835 730 202)
Acquisition of fixed assets		(149 817)	(75 010)
Management fees, maintenance and other		(1 282 407)	(2 053 170)
Investment Activity (2)		120 570 733	423 590 066
FLOW FROM FINANCING ACTIVITY			
Payments			
Dividend / Distribution reserves		(15 000 000)	(3 000 000)
Interest on Loans		(1 050 853)	(1 052 093)
Financing Activity (3)		(16 050 853)	(4 052 093)
VARIATION cash and cash equivalents (4) = (1) + (2) + (3)		41 185 589	47 107 213
Cash and cash equivalents at beginning of year		147 213 698	88 378 561
Cash and cash equivalents at end of year	22	188 399 287	135 485 774

2.6 Notes to the Financial Statements

NOTE 1 ACTIVITY AND STRUCTURE

The Company carries on life insurance and reinsurance business and other related or complementary activities and is registered with the Commercial Registry under no. 503 024 856, having, by resolution of the Board of Directors, on 24 February 2021, changed its registered office to Rua Barata Salgueiro, no. 28, 5th floor, 1260-044 Lisbon, parish of Santo António, municipality of Lisbon.

The Company currently operates in Portugal, maintaining some old contracts in Spain under the freedom to provide services.

Over the years, the Company has changed its shareholder structure and corporate name several times, with the latest acquisition occurring in October 2019 by investment funds advised by APAX Partners LLP. In 2020, the Company changed its corporate name from GNB – Companhia de Seguros de Vida, S.A. to GamaLife - Companhia de Seguros de Vida, S.A. (hereinafter also referred to as GamaLife or the Company).

The Company has a subordinated debt of €90 million, listed on Euronext Lisbon (note 36).

NOTE 2 MAIN ACCOUNTING POLICIES

Bases of presentation

The condensed financial statements of the Company, now presented, relate to the 6-month period ended 30 June 2022 and were prepared in accordance with IAS 34 - Interim Financial Reporting.

These condensed financial statements do not include all the notes that are usually prepared in annual financial statements and, consequently, should be read in conjunction with the Company's financial statements for the year ended 31 December 2021.

These condensed financial statements follow the same accounting policies and calculation methods applied in the financial statements for the year ended 31 December 2021.

The Company prepares the condensed financial statements in accordance with the accounting principles of going concern, accruals, materiality and aggregation. The use of these principles leads to condensed financial statements that present a true and fair view of the Company's assets, financial position and results.

The condensed financial statements are expressed in Euros, unless otherwise stated, and were approved in a meeting of the Board of Directors on 2 August 2022.

NOTE 3 MAIN ESTIMATES AND JUDGMENTS USED IN THE PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

The measurement procedures followed in these condensed financial statements ensure that the resulting information is reliable and that all material financial information that is relevant to an understanding of the financial position or performance is appropriately disclosed.

In preparing these condensed financial statements, the Company used the same accounting estimates and judgments used in the preparation of the financial statements for the year ended 31 December 2021.

NOTE 4 SEGMENT REPORTING

The Company's activity is organized in accordance with the following operating segments:

- (i) Traditional products - products aimed at covering death and longevity risk;
- (ii) Capitalisation products with profit sharing - investment products, some of which are marketed under the supplementary retirement pension (PPR) legislation. These are products with a guaranteed rate of return and with a profit share allocated to customers depending mainly on the financial return on assets;
- (iii) Capitalisation products without profit-sharing and Unit Linked - investment products, some of which are marketed under the supplementary retirement pension (PPR) legislation. These are products with no profit sharing attributed to customers and/or in which the investment risk is assumed by the policyholder; and
- (iv) Other products and services - includes the remaining segments that individually represent less than 10% of total assets or net income for the year, and that together do not represent more than 25% of these indicators.

There are no transfers between segments, except for some products where the transfer is contractually defined.

In the first half of 2022 there was an adjustment in the criteria for allocating investment function costs between operating segments.

The segment reporting is presented as follows:

> GAINS AND LOSSES PERIOD ENDED 30 JUNE 2022

(in euros)

	Insurance contracts	Savings with discretionary participation features	Savings without discretionary participation features	Other	Total
Premiums earned net of reinsurance	13 004 637	16 109 188	-	-	29 113 825
Commissions on insurance contracts and operations considered for accounting purposes as investment contracts or as service contracts	-	-	7 207 872	-	7 207 872
Claims expenses, net of reinsurance	(4 062 306)	(57 962 314)	(329 957)	-	(62 354 577)
Other technical provisions, net of reinsurance	1 910 724	107 490 265	-	-	109 400 989
Life mathematical provision, net of reinsurance	207 918	34 722 580	-	-	34 930 498
Profit sharing, net of reinsurance	(286 125)	(309 400)	-	-	(595 525)
Net operating costs and expenses	(6 285 607)	(2 785 552)	(5 729 035)	-	(14 800 194)
Income	-	7 530 651	4 263 000	6 866 936	18 660 587
Financial expenses	-	(1 814 810)	(2 358 273)	(773 473)	(4 946 556)
Net gains on financial assets and liabilities not valued at fair value through profit or loss	-	629 593	(78 083)	651 434	1 202 944
Net gains on financial assets and liabilities at fair value through profit or loss	-	(195 484)	(29 114 935)	(2 574 985)	(31 885 404)
Exchange rate differences	-	-	26 720 906	262 269	26 983 175
Other technical income/expenses, net of reinsurance	-	-	577 730	(21 312)	556 418
Other provisions (change)	-	-	-	1 333 114	1 333 114
Other income/expenses	-	-	-	355 555	355 555
NET PROFIT BEFORE TAX	4 489 241	103 414 717	1 159 225	6 099 538	115 162 721
Income taxes for the year - Current taxes	(353 986)	(8 154 473)	(91 408)	(480 962)	(9 080 829)
Income taxes for the year - Deferred taxes	(767 545)	(17 681 264)	(198 198)	(1 042 865)	(19 689 872)
NET INCOME FOR THE YEAR	3 367 710	77 578 980	869 619	4 575 711	86 392 020

> GAINS AND LOSSES PERIOD ENDED 30 JUNE 2021

(in euros)

	Insurance contracts	Savings with discretionary participation features	Savings without discretionary participation features	Other	Total
Premiums earned net of reinsurance	11 994 767	8 500 721	-	-	20 495 488
Commissions on insurance contracts and operations considered for accounting purposes as investment contracts or as service contracts	-	-	5 758 546	-	5 758 546
Claims expenses, net of reinsurance	(2 520 707)	(162 856 263)	-	-	(165 376 970)
Other technical provisions, net of reinsurance	525 082	18 942 810	-	-	19 467 892
Life mathematical provision, net of reinsurance	(73 290)	145 842 232	-	-	145 768 942
Profit sharing, net of reinsurance	(568 985)	(1 349 403)	-	-	(1 918 388)
Net operating costs and expenses	(5 429 659)	(3 373 682)	(5 236 730)	-	(14 040 071)
Income	4 046 132	7 374 346	4 840 567	1 385 635	17 646 680
Financial expenses	(2 556 406)	(903 795)	(1 575 429)	(30 727)	(5 066 357)
Net gains on financial assets and liabilities not valued at fair value through profit or loss	5 163 758	2 805 629	(1 776 238)	(132 036)	6 061 113
Net gains on financial assets and liabilities at fair value through profit or loss	(209 189)	1 530	(11 037 623)	(137 544)	(11 382 826)
Exchange rate differences	503 978	232	8 197 472	11 731	8 713 413
Other technical income/expenses, net of reinsurance	-	-	1 775 220	(36 617)	1 738 603
Other provisions (change)	-	-	-	11 797 334	11 797 334
Other income/expenses	-	-	-	5 357 430	5 357 430
NET PROFIT BEFORE TAX	10 875 481	14 984 357	945 785	18 215 206	45 020 829
Income taxes for the year - Current taxes	(1 308 014)	(1 129 314)	(215 916)	(1 257 845)	(3 911 089)
Income taxes for the year - Deferred taxes	(1 823 447)	(1 574 329)	(301 000)	(1 753 507)	(5 452 283)
NET INCOME FOR THE YEAR	7 744 020	12 280 714	428 869	15 203 854	35 657 457

> STATEMENT OF FINANCIAL POSITION PERIOD ENDED 30 JUNE 2022

(in euros)

	Insurance contracts	Savings with discretionary participation features	Savings without discretionary participation features	Other	Total
ASSETS					
Cash and cash equivalents and demand deposits	6 722 079	2 920 087	171 933 565	6 823 556	188 399 287
Financial assets and liabilities held for trading	-	-	(455 666)	-	(455 666)
Financial assets classified on initial recognition at fair value through profit and loss	5 513 076	1 913 520	1 158 491 289	-	1 165 917 885
Financial assets available for sale	557 471 377	1 019 388 381	169 502 815	1 179 651	1 747 542 224
Loans and receivables	4 320 410	-	13 229 001	36 241	17 585 652
Land and Buildings	-	-	-	53 199 816	53 199 816
Non-current assets/liabilities held for sale	-	-	-	200 800	200 800
LIABILITIES					
Technical Provisions	41 329 992	1 275 078 669	98 595	-	1 316 507 256
Financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions considered for accounting purposes as investment contracts.	-	-	1 554 687 632	-	1 554 687 632

*Only those items allocated to business segments

> DEMONSTRAÇÃO DA POSIÇÃO FINANCEIRA 31 DECEMBER 2021

(in euros)

	Insurance contracts	Savings with discretionary participation features	Savings without discretionary participation features	Other	Total
ASSETS					
Cash and cash equivalents and demand deposits	8 027 583	3 910 969	123 288 143	11 987 003	147 213 698
Financial assets and liabilities held for trading	-	-	1 421 509	-	1 421 509
Financial assets classified on initial recognition at fair value through profit and loss	5 065 978	3	1 390 771 333	-	1 395 837 314
Financial assets available for sale	606 759 314	1 173 353 955	211 219 791	4 720 807	1 996 053 867
Loans and receivables	6 690 341	-	9 974 552	38 152	16 703 045
Land and Buildings	-	-	-	53 363 424	53 363 424
Non-current assets/liabilities held for sale	-	-	-	200 800	200 800
LIABILITIES					
Technical Provisions	44 136 211	1 453 166 445	127 022	-	1 497 429 678
Financial liabilities of the deposit component of insurance contracts and insurance contracts and transactions considered for accounting purposes as investment contracts	-	-	1 753 066 033	-	1 753 066 033

*Only those items allocated to business segments

NOTE 5 EARNED PREMIUMS NET OF REINSURANCE

Premiums earned net of reinsurance are analysed as follows:

	(in euros)	
	June 2022	June 2021
Gross premiums written	45 199 773	37 215 667
Reinsurance ceded premiums	(15 811 431)	(16 587 142)
Premiums net of reinsurance	29 388 342	20 628 525
Change in the provision for unearned premiums, net of reinsurance	(274 517)	(133 037)
Premiums earned net of reinsurance	29 113 825	20 495 488

Reinsurance premiums ceded refers to death and longevity risk coverage within the traditional segment.

The growth in gross premiums in the first half of 2022, when compared to the same period of the previous year, is related almost exclusively to a EUR 9.1m reinvestment of a guaranteed policy.

NOTE 6 COMMISSIONS ON INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS OR AS SERVICE CONTRACTS

Commissions on insurance contracts and operations considered for accounting purposes as investment contracts or as provision of services contracts are analysed as follows:

	(amounts in euros)	
	June 2022	June 2021
Subscription fees	14 255	21 534
Management fees	7 044 791	5 624 127
Redemption fees	148 826	112 885
	7 207 872	5 758 546

The above fees relate to subscription, redemption and management fees for capitalisation products without discretionary profit-sharing, namely capitalisation products with a fixed rate of return and products in which the investment risk is borne by the policyholder.

NOTE 7 COSTS OF CLAIMS, NET OF REINSURANCE

The costs of claims net of reinsurance are analysed as follows:

	(in euros)	
	June 2022	June 2021
Direct insurance		
Amounts paid	(76 584 435)	(173 080 730)
Costs allocated to claims management function (Note 14)	(625 492)	(545 297)
Change in claims provision	9 288 593	5 174 387
	(67 921 334)	(168 451 640)
Reinsurance ceded		
Amounts paid	6 287 454	3 184 939
Change in claims provision	(720 697)	(110 269)
	5 566 757	3 074 670
	(62 354 577)	(165 376 970)

The first half of 2021 includes EUR 83.4m claims resulting from planned transfers from guaranteed products to Unit Linked products.

NOTE 8 OTHER TECHNICAL PROVISIONS, NET OF REINSURANCE

The change in other technical provisions net of reinsurance concerns the provision for rate commitments (Liability Adequacy Test or "LAT"), whose significant change is justified by the sharp rise in the PT Gov interest rate throughout the first half of 2022 (note 30).

NOTE 9 LIFE MATHEMATICAL PROVISION, NET OF REINSURANCE

The item "Life mathematical provision, net of reinsurance" includes the variation of the Company's liabilities with life insurance contracts and investment contracts with profit-sharing (note 30). The positive variation during the first half of 2022 is justified by the movements occurring in claims costs (note 7).

NOTE 10 PROFIT SHARING, NET OF REINSURANCE

The item "Profit sharing net of reinsurance" refers to the reduction of the Company's liabilities in respect of the estimated amounts attributable to policyholders in life insurance contracts and investment contracts with profit sharing (note 30).

NOTE 11 NET OPERATING COSTS AND EXPENSES

Net operating costs and expenses are analysed as follows:

	June 2022	June 2021
	(in euros)	
Acquisition costs		
Redemption fees	(47 661)	(15 389)
Subscription fees	(2 767 899)	(2 373 587)
Financial commissions	(5 532 066)	(5 256 136)
Others	(405 247)	(1 042 528)
Costs allocated to the acquisition function (note 14)	(1 489 465)	(1 308 854)
	(10 242 338)	(9 996 494)
Administrative expenses		
Costs allocated to the administrative function (note 14)	(4 692 602)	(4 138 473)
Ceded reinsurance commissions and profit-sharing		
Reinsurance commissions	(272 196)	(298 547)
Reinsurance profit-sharing	406 942	393 443
	(4 557 856)	(4 043 577)
	(14 800 194)	(14 040 071)

NOTE 12 INCOME

Income by category of financial assets is analysed as follows:

(in euros)

	June 2022	June 2021
Financial assets not carried at fair value through profit and loss		
Available for sale asstes	14 410 213	12 794 944
Land and buildings	1 369 430	1 376 905
Loans and receivables	(39 214)	(47 855)
Deposits in credit institutions	(88 726)	(4 421)
	15 651 703	14 119 573
Income on financial assets carried at fair value through profit or loss		
Financial assets carried at fair value through profit and loss	3 008 884	3 527 107
	3 008 884	3 527 107
	18 660 587	17 646 680

The slight increase in income is essentially due to the rise in interest rates over the first half of 2022.

NOTE 13 OTHER FINANCIAL EXPENSES

The caption "Other financial expenses" includes the costs imputed to the investment function (note 14).

NOTE 14 COSTS BY NATURE IMPUTED

The costs by nature imputed to the claims, acquisition, administrative and investment management functions are summarised as follows:

(in euros)

	June 2022	June 2021
Cost of claims (note 7)	(625 492)	(545 297)
Acquisition costs (note 11)	(1 489 465)	(1 308 854)
Administrative costs (note 11)	(4 692 602)	(4 138 473)
Investment management costs (note 13)	(4 946 556)	(5 066 357)
Other provisions (note 20)	1 333 114	11 797 334
	(10 421 001)	738 353

Their breakdown by nature is analysed as follows:

(in euros)

	June 2022	June 2021
Staff costs (i)	(3 101 760)	(2 039 184)
External supplies and services (ii)	(5 256 773)	(5 506 846)
Taxes and fees (iii)	(985 063)	(184 887)
Depreciation and amortization for the year (notes 30, 31 and 32) (iv)	(47 625)	(45 601)
Other provisions (v)	1 333 114	11 797 334
Interest expense (vi)	(1 055 626)	(1 046 276)
Commissions (vii)	(1 307 268)	(2 236 187)
	(10 421 001)	738 353

- (i) The increase in staff costs year-on year is mainly due to the growth in the number of employees, in line with the growth policy defined for the insurer. It also includes variable remuneration paid in relation to the 2021 performance.
- (ii) In the first half of 2022, external costs remain consistent in relation to the same period of the previous year, with emphasis in 2022 on consulting and advisory expenses with the ongoing implementation of the IFRS17 project and costs related to the acquisition of the business unit in Italy.

- (iii) "Taxes and fees" relate to fees for public entities relating to the activity of the insurance company. The significant growth is due to the new IMI rate, in accordance with that approved in the State Budget for 2021, which in June 2021 was recorded under "other provisions".
- (iv) Depreciation (notes 27, 28 and 29).
- (v) "Other provisions" in June 2022 include the partial release of operating and legal provisions previously established, while in the same period last year material provisions for tax contingencies were released. In June 2021, this item includes the new IMI rate.
- (vi) The "Interest expenses" relate to the costs incurred with subordinated debt securities issued by the Company.
- (vii) The caption "Commissions" relates to fees for custody of securities and other expenses associated with investment management. In 2021, this item also included a fee to Novo Banco S.A. relating to the maintenance of reinsurance collateral, a responsibility that was transferred to another entity of the GamaLife group at the end of 2021.

NOTE 15 EMPLOYEE BENEFITS

The actuarial valuation of retirement pension and health care benefits is performed annually, with the last one performed with reference to 31 December 2021.

Defined benefit plan

At 30 June 2022 and 31 December 2021, the amounts recognized in the balance sheet can be analysed as follows:

	(in euros)	
	June 2022	December 2021
Assets/liabilities recognized in balance sheet		
Liabilities at the end of the period	(14 619 111)	(14 572 511)
Fund balance at end of period	16 048 827	16 048 827
Assets/liabilities to receive/deliver to the Fund	1 429 716	1 476 316

In November 2017, a lawsuit was filed by GNB Fundos de Pensões to clarify the practical application of the regime provided for in article 402 of the Companies Code to the Directors' Pension Fund.

For reasons of prudence, and following the Group's policies, the liabilities of the Directors' Pension Fund were calculated without applying that limit.

Defined contribution plan

The employees in active service are covered by a defined contribution plan, as follows:

	(in euros)	
2022	Value	Asset
Active workers admitted before 22 June 1995 Individual Retirement Plan (PIR)	272 898	Multireforma Capital Garantido Seguro de Vida
	343 387	

NOTE 16 NET GAINS ON FINANCIAL ASSETS AND LIABILITIES NOT STATED AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gains on available-for-sale financial assets are analysed as follows:

(in euros)

	June 2022			June 2021		
	Income	Costs	Total	Income	Costs	Total
Bonds and other fixed income securities						
Public issuers	2 300 315	(2 443 429)	(143 114)	2 557 305	(1 354 066)	1 203 239
Other issuers	1 760 981	(369 040)	1 391 941	6 909 735	(634 602)	6 275 133
Equities	-	-	-	1 699 663	-	1 699 663
Other equity securities	-	(11 326)	(11 326)	-	(81 610)	(81 610)
	4 061 296	(2 823 795)	1 237 501	11 166 703	(2 070 278)	9 096 425

During the first quarter there were disposals of financial assets that generated accounting capital gains, which was the main reason for the decrease that occurred in the first half.

Net gains on liabilities valued at amortised cost correspond to the technical interest attributed to capitalisation contracts without discretionary profit-sharing, for which the liabilities are valued at amortised cost.

NOTE 17 NET GAINS ON FINANCIAL ASSETS AND LIABILITIES VALUED AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gains on financial assets and liabilities held for trading are analysed as follows:

(in euros)

	June 2022			June 2021		
	Income	Costs	Total	Income	Costs	Total
Assets and liabilities held for trading						
Foreign exchange contracts	4 435 605	(23 546 640)	(19 111 035)	279 143	(7 065 373)	(6 786 230)
Equity/Index contracts	66 978 845	(73 569 567)	(6 590 722)	22 049 027	(27 216 915)	(5 167 888)
Credit agreements	-	-	-	146	-	146
	71 414 450	(97 116 207)	(25 701 757)	22 328 316	(34 282 288)	(11 953 972)

The assets and liabilities held for trading, relate mostly to derivatives for foreign exchange hedging of financial assets (note 18).

Net gains on financial assets and liabilities classified on initial recognition at fair value through profit and loss are analysed as follows:

(in euros)

	June 2022			June 2021		
	Income	Costs	Total	Income	Costs	Total
Financial assets at fair value through profit or loss						
Bonds and other fixed income securities						
Issued by public entities	309 779	(6 469 224)	(6 159 445)	1 500 694	(3 612 891)	(2 112 197)
From other issuers	696 112	(28 625 452)	(27 929 340)	3 737 257	(2 883 228)	854 029
Shares	1 215 629	(7 327 247)	(6 111 618)	6 529 772	(167 919)	6 361 853
Other variable-income securities	17 480 527	(172 029 517)	(154 548 990)	63 717 868	(30 360 322)	33 357 546
	19 702 047	(214 451 440)	(194 749 393)	75 485 591	(37 024 360)	38 461 231
Financial liabilities at fair value through profit and loss	195 222 278	(6 656 532)	188 565 746	5 702 670	(43 592 755)	(37 890 085)
	214 924 325	(221 107 972)	(6 183 647)	81 188 261	(80 617 115)	571 146

This item mostly records the variation in financial assets and liabilities related to unit-linked contracts.

NOTE 18 EXCHANGE DIFFERENCES

This caption includes the results arising from the exchange revaluation of monetary assets and liabilities expressed in foreign currency in accordance with the accounting policy described in Note 2.2 and is analysed as follows:

(in euros)

	June 2022	June 2021
"Exchange differences on financial assets not carried at fair value through profit and loss"		
Available for sale	206 753	501 556
Loans and receivables	293 266	89 263
Deposits in credit institutions	2 018 888	204 429
	2 518 907	795 248
Exchange differences on other assets		
assets held for trading	45 091	-
assets at fair value through profit	24 419 177	7 918 165
	24 464 268	7 918 165
	26 983 175	8 713 413

Exchange differences on assets at fair value through profit or loss, recorded in the first half of 2022, relate mostly to exposure to USD assets allocated to unit-linked portfolios. This gain is mostly offset by the loss recorded in financial assets held for trading - exchange rate contracts (note 17).

NOTE 19 OTHER TECHNICAL INCOME / EXPENSE, NET OF REINSURANCE

This item includes movements in provisions for claims on IAS39 products.

NOTE 20 OTHER PROVISIONS (VARIATION)

The caption "Other provisions (variation)" at 30 June 2022 includes the partial release of operating and legal provisions previously constituted (note 14).

NOTE 21 OTHER INCOME/EXPENSES

The caption "Other income/expenses" includes amounts referring to compensatory interest received, with the most significant movements occurring in 2021.

NOTE 22 CASH AND CASH EQUIVALENTS AND DEMAND DEPOSITS

The balance of this line item at 30 June 2022 and December 31, 2021 is analysed as follows:

(in euros)

	June 2022	December 2021
Cash and cash equivalents and sight deposits		
Cash	210	210
Sight deposits	188 399 077	147 213 488
	188 399 287	147 213 698

NOTE 23 FINANCIAL ASSETS AND LIABILITIES HELD FOR TRADING

Derivative financial instruments at 30 June 2022 and 31 December 2021 are analysed as follows:

(in euros)

	June 2022				December 2021			
	Notional	Asset	Liability	Fair value	Notional	Asset	Liability	Fair value
Contracts on exchange rates								
Forward								
Purchase	-	-	-	-	6 824 580	-	(5 998)	(5 998)
Sales	299 735 199	1 842	(4 467 301)	(4 465 459)	292 632 268	1 437 682	(10 175)	1 427 507
Futures	58 410 024	-	-	-	25 188 403	-	-	-
	358 145 223	1 842	(4 467 301)	(4 465 459)	324 645 251	1 437 682	(16 173)	1 421 509
Contracts on shares / indexes								
Equity/Index Options	43 868 699	4 009 793	-	4 009 793	-	-	-	-
Equity/Index Futures	34 022 388	-	-	-	(17 552 057)	-	-	-
	77 891 087	4 009 793	-	4 009 793	(17 552 057)	-	-	-
	436 036 310	4 011 635	(4 467 301)	(455 666)	307 093 194	1 437 682	(16 173)	1 421 509

The Company opted to record financial instruments held for trading with negative fair value under "Other financial liabilities" (note 36).

The variation in fair value of financial instruments held for trading is explained in Note 17.

NOTE 24 FINANCIAL ASSETS INITIALLY RECOGNISED AT FAIR VALUE THROUGH PROFIT AND LOSS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

(in euros)

	June 2022	December 2021
Bonds and other fixed income securities		
Public issuers	103 522 725	66 203 226
Other issuers	216 353 418	255 046 274
Equity	27 779 302	30 245 869
Investment Funds	818 262 440	1 044 341 945
Book value	1 165 917 885	1 395 837 314
Acquisition value	1 235 717 680	1 301 090 151

For an understanding of the net gains associated with these assets see also note 17.

NOTE 25 AVAILABLE-FOR-SALE FINANCIAL ASSETS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

(in euros)

	Amortized Cost(1)	Fair value reserve			Fair value	Past-due interest	Book value
		Positive	Negative	Impairment(2)			
Bonds and other fixed income securities							
Public issuers	1 238 590 701	30 706 231	(6 487 021)	-	1 262 809 911	8 029 733	1 270 839 644
Other issuers	671 965 899	7 532 164	(7 643 372)	(13 562 237)	658 292 454	7 328 359	665 620 813
Equity	2 820	126 279	-	-	129 099	-	129 099
Investment Funds	57 474 384	3 110 548	(177 110)	(943 511)	59 464 311	-	59 464 311
Balance at 31 December 2021	1 968 033 804	41 475 222	(14 307 503)	(14 505 748)	1 980 695 775	15 358 092	1 996 053 867
Bonds and other fixed income securities							
Public issuers	975 870 089	39 528	(68 210 388)	-	907 699 229	4 996 812	912 696 041
Other issuers	858 505 972	238 326	(92 958 678)	(13 562 237)	752 223 383	7 533 775	759 757 158
Equity	5 016 259	126 458	(1 275 439)	-	3 867 278	-	3 867 278
Investment Funds	69 470 451	2 391 473	(640 177)	-	71 221 747	-	71 221 747
Balance at 31 December 2022	1 908 862 771	2 795 785	(163 084 682)	(13 562 237)	1 735 011 637	12 530 587	1 747 542 224

(1) or acquisition cost in the case of shares and other equity securities

(2) See note 20 additionally

NOTE 26 LOANS AND RECEIVABLES

The caption "Other deposits" is analysed as follows:

(in euros)

	June 2022	December 2021
Term deposits - Capital	3 100 000	7 000 000
Other deposits - Capital	14 449 411	9 664 893
	17 549 411	16 664 893

NOTE 27 LAND AND BUILDINGS

The movement recorded at 30 June 2022 and 31 December 2021 in land and buildings can be analysed as follows:

(in euros)

	1 January 2022	Sales	Transfers to IFRS5	Transfers	Depreciations	Impairment/ Unrealized gains	30 June 2022
For own use	3 100 674	-	-	-	(23 608)	-	3 077 066
Investment properties	50 262 750	(140 000)	(21 365 450)	-	-	-	28 757 300
	53 363 424	(140 000)	(21 365 450)	-	(23 608)	-	31 834 366

(in euros)

	1 January 2021	Sales	Transfers to IFRS5	Transfers	Depreciations	Impairment/ Unrealized gains	31 December 2021
For own use	-	-	-	3 147 813	(47 139)	-	3 100 674
Investment properties	52 794 900	-	-	(3 147 813)	-	615 663	50 262 750
	52 794 900	-	-	-	(47 139)	615 663	53 363 424

The Company moved its head office to Rua Barata Salgueiro, no. 28, in February 2021 and the property carrying value of EUR 3.1m was transferred from income properties to self-service properties.

Costs incurred relating to income and own use properties amounted to EUR 1.1m, which includes the new IMI rate, against rental income of EUR 1.4m (note 12).

Income properties are valued at fair value and are considered within the fair value hierarchy level 3.

NOTE 28 OTHER TANGIBLE ASSETS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

(in euros)

	June 2022	December 2021
Equipment		
Computer equipment	4 397 286	4 392 044
Furniture and equipment	652 248	652 248
Interior installations	1 919 154	1 919 154
Machines and tools	430 677	430 677
Others	269 768	269 768
	7 669 133	7 663 891
Accumulated depreciation	(7 343 403)	(7 321 027)
	325 730	342 864

During the first six months of 2022 and 2021 no impairment losses were recorded in tangible assets.

The movements under tangible assets are analysed as follows:

(in euros)

Net balance 1 January 2021	363 543
additions	28 154
reclassifications	6 907
Depreciation for the year	(55 740)
Net balance at 31 December 2021	342 864
additions	5 243
Depreciation for the year	(22 377)
Net balance at 30 June 2022	325 730

NOTE 29 OTHER INTANGIBLE ASSETS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

	June 2022	December 2021
Software	10 376 029	10 079 370
Accumulated depreciation	(9 622 091)	(9 620 451)
	753 938	458 919

The movement occurred in the intangible assets captions was as follows:

Liquid balance 1 January 2021	56 505
Additions	405 694
Depreciation	(3 280)
Net balance at 1 December 2021	458 919
Additions	296 659
Depreciation	(1 640)
Net balance at 30 June 2022	753 938

NOTE 30 TECHNICAL PROVISIONS FOR DIRECT INSURANCE AND REINSURANCE CEDED

The technical provisions for direct insurance and reinsurance ceded are analysed as follows:

	June 2022			December 2021		
	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total
Provision for unearned premiums	3 032 997	(5 694)	3 027 303	2 758 481	(4 140)	2 754 341
Mathematical life insurance (i)	1 270 359 534	(934 091)	1 269 425 443	1 305 266 302	(911 918)	1 304 354 384
Claims reserve (ii)	33 742 077	(4 663 618)	29 078 459	43 030 669	(5 384 315)	37 646 354
Provision for discretionary participation feature (iii)	6 869 139	(411 975)	6 457 164	10 974 520	(5 033)	10 969 487
Liability adequacy test	2 503 509	-	2 503 509	135 399 706	-	135 399 706
	1 316 507 256	(6 015 378)	1 310 491 878	1 497 429 678	(6 305 406)	1 491 124 272

(i) The mathematical provision for life business is analysed as follows:

	June 2022			December 2021		
	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total
Risk	17 476 669	(934 091)	16 542 578	17 744 943	(911 918)	16 833 025
Savings with discretionary participation features	1 252 882 865	-	1 252 882 865	1 287 521 359	-	1 287 521 359
	1 270 359 534	(934 091)	1 269 425 443	1 305 266 302	(911 918)	1 304 354 384

In accordance with IFRS 4, contracts issued by the Company in which there is only transfer of financial risk, without discretionary profit-sharing, are classified as investment contracts. On this basis, at 30 June 2022 and 31 December 2021, contracts in which the investment risk is borne by the policyholder and fixed-rate financial contracts are classified and recorded under investment contract liabilities (Note 35).

(ii) The provision for claims by branch of business is analysed as follows:

(in euros)

	June 2022			December 2021		
	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total	Insurance direct and Reinsurance Accepted	Reinsurance ceded	Total
Risk	11 469 687	(4 663 618)	6 806 069	11 821 719	(5 384 315)	6 437 404
Savings with discretionary participation features	22 272 390	-	22 272 390	31 208 950	-	31 208 950
	33 742 077	(4 663 618)	29 078 459	43 030 669	(5 384 315)	37 646 354

The claims provision corresponds to claims incurred and not yet paid as at the balance sheet date and includes an estimated provision in the amount of EUR 0.4m (2021: EUR 0.5m) relating to claims incurred and not yet reported (IBNR).

The movements occurring in the year in the provision for direct insurance and reinsurance claims accepted are presented as follows:

(in euros)

Balance 1 January 2021	48 700 692
More claims incurred	
Current year	329 382 413
Previous years	7 878 841
Less amounts paid	
Current year	(309 896 719)
Previous years	(33 034 558)
Balance 31 December 2021	43 030 669
More claims incurred	
Current year	56 395 930
Previous years	10 899 912
Less amounts paid	
Current year	(66 481 252)
Previous years	(10 103 182)
Balance 30 June 2022	33 742 077

- (iii) The provision for profit sharing corresponds to amounts attributed to policyholders or beneficiaries of insurance contracts, in the form of profit sharing, that have not yet been distributed or incorporated in the life branch mathematical provision.

The movement in the provision for direct insurance and reinsurance accepted profit sharing for the first half of 2022 and years ended December 2021 is analysed as follows:

(in euros)

Balance 1 January 2021	20 628 752
Amounts paid	(2 625 938)
Participation in results attributed	1 040 136
Profit sharing to assign	(6 506 834)
Participation in the distributed results	(1 561 596)
Balance 31 December 2021	10 974 520
Amounts paid	(91 084)
Participation in results attributed	595 525
Profit sharing to assign	(4 609 822)
Balance 30 June 2022	6 869 139

The provision for profit-sharing included, in 2021, the adjustment relating to shadow accounting (profit-sharing to be attributed), which corresponds to the estimate of potential gains and losses on assets allocated to cover liabilities arising from insurance contracts and investment contracts with discretionary profit-sharing, up to the amount in which the policyholders are expected to share in those unrealised gains and losses when they become effective, in accordance with the respective contractual terms and applicable legislation. At 30 June 2022 the shadow accounting adjustment was fully reversed, following the release of EUR 4.6m in the first six months of 2022 (2021: EUR 6.5m).

At 30 June 2022, the provision for rate commitments was calculated based on the result obtained in the liability adequacy test (LAT). This test was performed based on best estimates at the balance sheet date. The change in the balance of this provision in 2022 was recorded in Reserves (shadow accounting) (note 40), and in gains and losses (note 8).

NOTE 31 OTHER DEBTORS BY INSURANCE OPERATIONS AND OTHER OPERATIONS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

(in euros)

	June 2022	December 2021
Accounts receivable from direct insurance operations		
Insurance policyholders	672 686	1 157 470
Insurance intermediaries	55 777	55 744
	728 463	1 213 214
Receivables from reinsurance operations		
Current accounts reinsurers	64 294	497 111
	64 294	497 111
Accounts receivable for other operations		
Related parties	310 056	340 170
Tax receivables	7 354 112	9 822 112
Other debtors	413 951	785 398
	8 078 119	10 947 680
	8 870 876	12 658 005
Adjustments of receipts pending collection	(72 309)	(155 102)
	8 798 567	12 502 903

Debtors' balances due to direct insurance, reinsurance ceded and other operations have a maturity of less than 3 months, with the exception of operations relating to amounts receivable from the Tax Administration, the maturity of which is indefinite.

The item "Taxes recoverable" relates to amounts receivable from the Tax Administration in respect of amounts already paid in relation to corrections made by the AT and which the Company has challenged in court, with provisions set up for the purpose (note 39).

NOTE 32 TAX ASSETS AND LIABILITIES

Current tax at 30 June 2022 and 31 December 2021 was calculated based on a nominal tax rate of 21%, plus municipal surcharge of 1.5% and state surcharge of up to 9%, depending on taxable income.

Current tax assets and liabilities recognised in the balance sheet at 30 June 2022 and 31 December 2021 can be analysed as follows:

(in euros)

	Assets		Liabilities		Net	
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Income taxes	-	-	(949 774)	(1 710 079)	(949 774)	(1 710 079)
Other taxes and fees	46 105	40 981	(689 868)	(1 037 132)	(643 763)	(996 151)
Total	46 105	40 981	(1 639 642)	(2 747 211)	(1 593 537)	(2 706 230)

The movements under the caption "Income taxes" are analysed as follows:

(in euros)

Balance 1 January 2021	2 414 394
Amounts recognized in the results	(3 495 106)
Amounts recognized in reserves	79 232
Payments / Receipts	(1 526 949)
Transfer between headings	818 350
Balance 31 December 2021	(1 710 079)
Amounts recognized in the results	(9 080 829)
Amounts recognized in reserves	9 200 376
Payments / Receipts	428 715
Transfer between headings	212 043
Balance 30 June 2022	(949 774)

Deferred tax assets and liabilities recognized in the balance sheet at 30 June 2022 and 31 December 2021 can be analysed as follows:

(in euros)

	Assets		Liabilities		Net	
	June 2022	December 2021	June 2022	December 2021	June 2022	December 2021
Properties	-	-	(56 949)	(56 949)	(56 949)	(56 949)
Tax losses	35 978 947	39 045 835	-	-	35 978 947	39 045 835
Pensions	77 625	206 599	-	-	77 625	206 599
Financial investments	20 988 041	4 621 950	-	(67 563)	20 988 041	4 554 387
Others	154 968	154 968	-	-	154 968	154 968
Deferred assets/(liabilities) tax	57 199 581	44 029 352	(56 949)	(124 512)	57 142 632	43 904 840
Compensation assets / /deferred tax liabilities	(56 949)	(124 512)	56 949	124 512	-	-
Tax deferred assets/(liabilities) Net	57 142 632	43 904 840	-	-	57 142 632	43 904 840

The nature of deferred tax assets and liabilities recognized is broken down as follows:

(in euros)

	June 2022	Variation	December 2021
Temporary differences	21 163 685	16 304 680	4 859 005
Tax losses carried forward	35 978 947	(3 066 888)	39 045 835
Available DTA on total tax losses	79 931 947	(3 066 888)	82 998 835
Reduction of DTA on tax losses	(43 953 000)	-	(43 953 000)
	57 142 632	13 237 792	43 904 840

The accumulated tax losses at 30 June 2022, according to the Company's financial projections made at the end of 2021, will not be fully used within the statutory reporting deadlines, and as such, a cumulative deferred tax asset loss of €44 million is recorded. This is unchanged since 31 December 2021.

The movement in balance sheet deferred tax at 30 June 2022 and 30 June 2021 is explained as follows:

(in euros)

	June 2022		December 2021	
	Recognized in results	Recognized in reserves	Recognized in results	Recognized in reserves
Financial assets	(4)	16 495 157	19 438	1 468 461
Pensions	(128 974)	-	(105 538)	-
Tax losses	(19 499 066)	16 432 178	2 403 796	282 567
Transitional adjustments	-	-	(285)	-
Properties	(61 828)	-	(246 170)	-
Other	-	330	(558 558)	-
	(19 689 872)	32 927 665	1 512 683	1 751 028

The movement in income tax reported in the results at 30 June 2022 and 30 June 2021 is explained as follows:

(in euros)

	June 2022	June 2021
Current tax	(9 080 829)	(3 911 089)
Deferred tax		
Origination and reversal of temporary differences	(190 806)	(749 061)
losses carried forward	(19 499 066)	(4 703 222)
	(19 689 872)	(5 452 283)
Total tax recognized in profit and loss	(28 770 701)	(9 363 372)

The movement in income tax reported in reserves at 30 June 2022 and 30 June 2021 is explained as follows:

(in euros)

	June 2022	June 2021
Current tax	9 200 376	(168)
Deferred tax		
Fair value reserve	32 927 665	316 637
Total tax recognized in reserves	42 128 041	316 469

The reconciliation of the tax rate can be analysed as follows:

(in euros)

	June 2022		June 2021	
	%	Value	%	Value
Profit before tax		115 162 721		45 020 829
Tax rate	26.2%		27.5%	
Tax assessed based on the tax rate		(30 210 872)		(12 386 172)
Provisions and other permanent differences		351 539		3 215 118
Temporary differences		1 096 065		(338 806)
Prior years court cases won		-		617
Property impairment		(940)		-
Non taxed capital gains		-		193 356
Autonomous taxation		(18 520)		(10 867)
Other		12 027		(36 618)
		(28 770 701)		(9 363 372)

NOTE 33 ACCRUALS AND DEFERRALS (ASSETS)

The item "accruals and deferrals" relates to deferred costs and includes the deferral of gifts related to the marketing of products and the specialization of services provided.

NOTE 34 NON-CURRENT ASSETS/LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

During the first half of 2022, EUR 21.4m were transferred to this account from the "land and buildings" account, as sales processes for these properties have been initiated (note 27). The balance as at 30 June 2022 and 31 December 2022 relates entirely to properties that the Company holds with a view to sale.

NOTE 35 FINANCIAL LIABILITIES OF THE DEPOSIT COMPONENT OF INSURANCE CONTRACTS AND OPERATIONS CONSIDERED FOR ACCOUNTING PURPOSES AS INVESTMENT CONTRACTS

At 30 June 2022 and 31 December 2021, the financial liabilities of the deposit component of insurance contracts and operations considered for accounting purposes as investment contracts are analysed as follows:

	(in euros)	
	June 2022	December 2021
Investment contracts without discretionary participation features	221 173 112	251 118 969
Investment contracts where the investment risk is borne by the policyholder	1 333 514 520	1 501 947 064
Total	1 554 687 632	1 753 066 033

The maturity of these liabilities is disclosed in note 42.

Under IFRS 4, contracts issued by the Company in which there is only transfer of financial risk, without discretionary profit sharing, are classified as investment contracts.

The changes in liabilities related to fixed rate investment contracts, measured at amortised cost, are analysed as follows:

	(in euros)	
Balance at 1 January 2021		747 707 787
Deposits received		997 241
Benefits paid		(497 695 390)
Reclassifications		(2 901 741)
Interest technical exercise		2 950 060
Deferred acquisition costs IAS39		61 012
Balance 31 December 2021		251 118 969
Deposits received		442 496
Benefits paid		(30 422 910)
Interest technical exercise		34 557
Balance 30 June 2022		221 173 112

The movement in the liability related to investment contracts in which the financial risk is borne by the policyholder, measured at fair value, is analysed as follows:

	(in euros)	
Balance at 1 January 2021		1 037 618 336
Deposits received		527 782 378
Benefits paid		(100 425 380)
Yield		45 896 230
Management charges		(8 924 500)
Balance 31 December 2021		1 501 947 064
Deposits received		91 122 219
Benefits paid		(66 023 351)
Yield		(186 486 621)
Management charges		(7 044 791)
Balance 30 June 2022		1 333 514 520

NOTE 36 OTHER FINANCIAL LIABILITIES

The principal characteristics of GamaLife's subordinated liabilities at 30 June 2022 and 31 December 2021 are presented as follows:

(in euros)

June 2022								
Issuer	Designation	Date of emission	Value of emission	Capital	Accrued interest	Accounting value	Interest rate current	Maturity
GamaLife, Companhia de Seguros de Vida (*)	Subordinated loans	2002	45 000 000	45 000 000	25 350	45 025 350	2.028%	2022
GamaLife, Companhia de Seguros de Vida (*)	Subordinated loans	2002	45 000 000	45 000 000	41 600	45 041 600	3.328%	Perpetual
Total			90 000 000	90 000 000	66 950	90 066 950		

(in euros)

December 2021								
Issuer	Designation	Date of emission	Value of emission	Capital	Accrued interest	Accounting value	Interest rate current	Maturity
GamaLife, Companhia de Seguros de Vida (*)	Subordinated loans	2002	45 000 000	45 000 000	22 151	45 022 151	1.611%	2022
GamaLife, Companhia de Seguros de Vida (*)	Subordinated loans	2002	45 000 000	45 000 000	40 027	45 040 027	2.911%	Perpetual
Total			90 000 000	90 000 000	62 178	90 062 178		

(*) The issue is still designated by its corporate name on the issue date (Tranquilidade Vida)

These loans bear interest quarterly at the rates of Euribor 3 months + 2.2% and Euribor 3 months + 3.5%, for the issue maturing in 2022 and for the perpetual debt respectively.

At 30 June 2022 the resulting coupons were 2.028% for the bonds maturing in 2022 and 3.328% for perpetual bonds.

The item "Other financial liabilities - others" is represented as follows:

(in euros)

	June 2022	December 2021
Investment contracts (*)	24 036 137	27 624 596
Derivatives (note 23)	4 467 302	16 173
	28 503 439	27 640 769

(*) The item "Investment contracts" refers to liabilities associated with "investment contracts for which the policyholder is liable" marketed by Generali Seguros, S.A. (formerly T-VIDA, Companhia de Seguros), with the financial assets allocated to these products being managed by the Company. Changes in this item are analysed as follows:

(in euros)

	Unit Linked	Savings without discretionary participation features	Total
Balance at 1 January 2021	19 065 070	28 763 445	47 828 515
Deposits received	253 554	1 396 508	1 650 062
Benefits paid	(1 800 373)	(20 433 476)	(22 233 849)
Income/Technical Interest for the year	238 004	130 921	368 925
Balance 31 December 2021	17 756 255	9 857 397	27 613 653
Deposits received	65 914	60 472	126 386
Benefits paid	(967 989)	(657 085)	(1 625 074)
Income/Technical Interest for the year	(2 078 828)	-	(2 078 828)
Balance 30 June 2022	14 775 352	9 260 784	24 036 137

NOTE 37 OTHER CREDITORS FOR INSURANCE OPERATIONS AND OTHER OPERATIONS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

	June 2022	December 2021
(in euros)		
Payables for direct insurance operations	22 903 268	19 378 942
Insurance policyholders	542 500	1 640 064
Insurance intermediaries	22 360 768	17 738 878
Payables for reinsurance operations	5 263 674	6 472 353
Current accounts reinsurers	5 263 674	6 472 353
Payables for other operations	4 559 886	4 175 461
Other creditors	4 559 886	4 175 461
	32 726 828	30 026 756

The balances of "Other creditors by insurance operations and other operations" have a maturity of less than 3 months.

The item "Accounts payable for direct insurance operations - intermediaries" corresponds to commissions payable for marketing the Company's products to Novo Banco, S.A., Novo Banco dos Açores, S.A., and Banco BEST, S.A.

The caption "Other creditors" includes EUR 3.7m at 30 June 2022 relating to securities operations pending settlement.

NOTE 38 ACCRUALS AND DEFERRALS (LIABILITIES)

The "Accruals and deferrals" liability includes EUR 19.7m relating to expenses payable under the ceded reinsurance contract, through which the Company 100% reinsured its in-force individual life risk portfolio at 30 June 2013 (2021: EUR 21.7m).

NOTE 39 OTHER PROVISIONS

The balance of this line item at 30 June 2022 and 31 December 2021 is analysed as follows:

(in euros)	
Balance 1 January 2021	22 770 842
Additional provisions made in the period	322 412
Amounts used during the period	(1 418 415)
Unused amounts reversed during the period	(12 898 460)
Balance 31 December 2021	8 776 379
Unused amounts reversed during the period	(1 333 115)
Balance 30 June 2022	7 443 264

The balance of "Other provisions" at 30 June 2022 and 31 December 2021 is analysed as follows:

	June 2022	December 2021
(in euros)		
Provision for Taxes	6 864 530	8 197 645
Other provisions	578 734	578 734
	7 443 264	8 776 379

The provision for taxes, includes in June 2022, amounts related to:

1. Withholding taxes levied in the periods 2012 to 2014 on bearer insurance policies marketed in the past by the company, amounting to EUR 5.7m;
2. Elimination of double economic taxation of profits distributed in insurance and life business operations in which the investment risk is borne by the policyholder, also called "Unit Linked", as the Tax Authorities consider that this income does not affect the tax base of the insurer;
3. Elimination of economic double taxation of profits distributed in traditional portfolios. In this case, the Tax Authority considers that the Company has not submitted a statement from the entity that distributed the profits proving that it meets the conditions set out in article 2 of Council Directive 90/435/EEC of 23 July 1990

NOTE 40 CAPITAL, PREMIUMS, REVALUATION RESERVES AND OTHER RESERVES AND RETAINED EARNINGS

During the first half of 2022, GamaLife's Equity decreased by EUR 45.8m to EUR 191m, reflecting the change in revaluation reserves due to fair value adjustments, the first six months' result driven by the LAT provision release (note 8) and the dividend distribution of EUR 15m approved at the Company's Annual General Meeting and settled in April.

Capital

The Company's authorised share capital is represented by 50,000,000 shares with a nominal value of one euro each, which are subscribed and fully paid by the shareholder GBIG Portugal, S.A.

On 14 October 2019 GBIG Portugal, S.A., a company in the GamaLife group, having as beneficial owner investment funds advised by APAX Partners LLP, acquired 100% of the total share capital of the Company from Novo Banco, S.A.

Revaluation reserves

Revaluation reserves represent potential capital gains and losses in respect of the available-for-sale investment portfolio, net of impairment recognised in the income statement in the year and/or in previous years.

Deferred tax reserves

The deferred tax reserve refers to temporary differences relating to the valuation of investment portfolios without profit-sharing and unallocated. Taking into account the Company's expectations of future profits and the date of their reversibility, the deferred tax rate used was 26.8%.

Other reserves

Included in the caption "Other Reserves" is the Legal Reserve that can only be used to cover accumulated losses or to increase share capital. In accordance with Portuguese legislation, the legal reserve must be credited annually with at least 10% of the annual net profit, until it is equal to the issued capital. Included is also the SORIE Reserve, net of tax, where the actuarial gains and losses relating to the Company's Pension Plan are recorded, in accordance with IAS 19, and also the free reserves (note 2.10).

Throughout the first half of 2022, the fair value reserve and other reserves and retained earnings can be analysed as follows:

(in euros)

	Revaluation reserves	Deferred taxes	Other reserves
Balance 1 January 2021	5 215 085	(626 617)	192 629 019
Changes in fair value	(50 500 212)	1 830 259	-
Distribution of reserves	-	-	(3 000 000)
Other gains / (losses) recognized directly in equity (shadow / actuarial remeasurements)	44 347 816	-	(189 359)
Application of results	-	-	(45 784 978)
Balance at 31 December 2021	(937 311)	1 203 642	143 654 682
Changes in fair value	(187 456 616)	42 128 040	-
Distribution of profits / (losses)	-	-	(15 000 000)
Other gains/(losses) recognized directly in equity (shadow/actuarial remeasurements)	28 105 030	-	-
Application of results	-	-	42 464 153
Balance at 30 June 2022	(160 288 897)	43 331 682	171 118 835

Revaluation reserves at 30 June 2022 and 31 December 2021 are as follows:

(in euros)

	June 2022	December 2021
Amortized cost of financial assets available for sale	(1 908 862 771)	(1 968 033 804)
Accumulated impairment losses	13 562 237	14 505 748
Amortized cost of financial assets available for sale	(1 895 300 534)	(1 953 528 056)
Fair value of financial assets available for sale	1 735 011 637	1 980 695 775
Unrealized gains in available for sale financial assets	(160 288 897)	27 167 719
Net unrealized gains recognized in fair value reserve	(160 288 897)	27 167 719
Provision for profit-sharing to be assigned	-	(4 609 822)
Provision for LAT	-	(23 495 208)
Balance at 30 June 2022 and 31 December 2021	(160 288 897)	(937 311)

NOTE 41 RELATED PARTIES

As of 30 June 2022, the aggregate amount of assets, liabilities and costs in the Company's accounts that relate to transactions with associated and related companies is summarized as follows:

(in thousands of euros)

	June 2022			December 2021		
	Assets	Liabilities	Cost	Assets	Liabilities	Cost
Gomes ServiceCo, Ltd	310	375	675	310	406	1 481
Rendering of services	-	375	675	-	406	1 481
Advances	310	-	-	310	-	-
Gomes TopHoldings, S.a.r.l.	37	203	55	37	148	148
Audits	37	203	55	37	148	148
Sub-Total	347	578	730	347	554	1 629

Management believes that all transactions with associated and related companies were made at market prices, identical to the prices in similar transactions with other entities.

During the first half of 2022 there were no additional related party transactions between the Company and its shareholders.

NOTE 42 BUSINESS RISK MANAGEMENT**Risk Management**

The risk management system implemented in the Company is transversal to the entire organizational structure, being duly integrated in the decision-making process and is supported by a set of policies, procedures, limits and alerts that represent the framework for risk management.

Risk management is integrated into the Company's activity and decision-making processes through the various committees that meet periodically and cover various areas of activity, also integrating the risk management inherent in these activities.

Within the scope of risk management, the Asset and Liability Management Committee (ALM) and the Risk and Internal Control Committee are relevant. The ALM Committee meets on a monthly basis and its functions are to monitor assets/liabilities, investment performance, the execution of investment policy and market risks. The Risk and Internal Control Committee meets every six months and its functions are to analyse and decide on non-financial risks, monitor the Internal Control system, namely the improvement database, monitor outsourced activities, especially those considered critical or important, analyse the evolution of Technical Provisions for Solvency, Reinsurance, New Business Value, Embedded Value and projection assumptions.

The principal risks incurred by the Company have not changed significantly since 31 December 2021 and are identified and detailed in the Company's annual financial statements.

Breakdown of fair value of financial assets by fair value hierarchy (levels)

In accordance with IFRS 13, the financial assets held may be valued at fair value according to one of the following levels:

Level 1 - when they are valued according to quotations available in active markets;

Level 2 - when they are valued with valuation models, supported by observable market variables;

Level 3 - when they are valued using valuation models whose variables are either not known, or are not likely to be supported by market evidence, these having a significant weight in the valuation obtained.

At 30 June 2022 and 31 December 2021, the breakdown of financial assets, by type of asset and fair value hierarchy, is as follows:

(in euros)

	June 2022			Total
	Level 1	Level 2	Level 3	
Cash, deposits at credit institutions	188 399 287	-	-	188 399 287
Financial assets/(liabilities) held for trading	4 009 793	(4 465 459)	-	(455 666)
Financial assets carried at fair value through profit and loss	1 164 827 399	1 047 787	42 699	1 165 917 885
Bonds and other fixed income securities				
Public issuers	103 522 725	-	-	103 522 725
Other issuers	215 305 628	1 047 787	3	216 353 418
Equity	27 779 271	-	31	27 779 302
Investment Funds	818 219 775	-	42 665	818 262 440
Financial assets available for sale	1 677 997 375	-	69 544 849	1 747 542 224
Bonds and other fixed income securities				
Public issuers	912 696 041	-	-	912 696 041
Other issuers	759 757 133	-	25	759 757 158
Equity	3 738 000	-	129 278	3 867 278
Investment Funds	1 806 201	-	69 415 546	71 221 747
Total	3 035 233 854	(3 417 672)	69 587 548	

(in euros)

	December 2021			Total
	Level 1	Level 2	Level 3	
Cash, deposits at credit institutions	147 213 698	-	-	147 213 698
Financial assets/(liabilities) held for trading	-	1 421 509	-	1 421 509
Financial assets carried at fair value through profit and loss	1 393 946 228	1 316 761	574 325	1 395 837 314
Bonds and other fixed income securities				
Public issuers	66 203 226	-	-	66 203 226
Other issuers	253 367 678	1 316 761	4	254 684 443
Equity	30 245 838	-	31	30 245 869
Investment Funds	1 044 129 486	-	574 290	1 044 703 776
Financial assets available for sale	1 936 459 959	-	59 593 908	1 996 053 867
Bonds and other fixed income securities				
Public issuers	1 270 839 644	-	-	1 270 839 644
Other issuers	665 620 315	-	25	665 620 340
Equity	-	-	129 099	129 099
Investment Funds	-	-	59 464 784	59 464 784
Total	3 477 619 885	2 738 270	60 168 233	

In the fair value calculation method presented in the tables above, the following assumptions were used:

- For public debt securities and shares, the fair value was obtained directly from the market, i.e. through quotations of public debt securities available at Bloomberg and the prices of shares and futures available in the market;
- For most bonds and units, the fair value is obtained through Bloomberg. For bonds the Company uses prices published by contributors and for units we use the NAV ("net asset value") disclosed by the respective management companies;
- For the remaining financial assets (namely term deposits, illiquid bonds, structured and derivatives), the Company uses other valuation techniques, namely internal models based on discounting future cash flows to the balance sheet date, which are subject to regular calibration with the market.

The valuation models used imply the use of estimates and require judgments that vary according to the complexity of the products being valued. Nevertheless, the Company uses variables provided by the market as inputs in its models, such as interest rate curves, credit spreads, volatility and indices on quotations.

NOTE 43 SOLVENCY

The Company has clear objectives with regard to solvency, with priority being given to maintaining strong, healthy solvency ratios as indicators of a stable financial situation. The Company manages capital requirements on a regular basis, paying attention to changes in economic conditions, as well as to its risk profile.

Under the terms of the applicable regulations, the Company obtained approval from the Insurance and Pension Fund Supervisory Authority to use the volatility adjustment in the time structure of risk-free interest rates for the entire portfolio and to apply the measure relating to the transitional deduction to technical provisions for homogenous risk groups (i) capital products and guaranteed rate with profit sharing and (ii) capital products and guaranteed rate without profit sharing, in the calculation of its solvency margin.

By indication of the Insurance and Pension Fund Supervisory Authority and under the terms of the applicable legislation, the company has updated the transitional measure with an effective date of 1 January 2019, on the basis of information pertaining to 31 December 2018, recalculating the transitional deduction in respect of technical provisions for the homogeneous risk groups mentioned above.

It is the Board of Directors' understanding, based on the financial and regulatory information available, that the company has, at 30 June 2022, an adequate ratio of coverage of capital requirements, taking into account the measures approved by the Insurance and Pension Fund Supervisory Authority.

NOTE 44 SUBSEQUENT EVENTS

Considering the provisions in IAS 10, up to the authorisation date for issue of these condensed financial statements, no materially relevant subsequent events were identified that imply adjustments or additional disclosures.

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