

Quarterly Results – 2nd quarter 2016

- Net income totaled **R\$126.4 million (+0.5%)** in 2Q16 and **R\$232.3 million (+1.4%)** year-to-date
- Total operating revenues reached **R\$4.1 billion (+6.9%)**, with **R\$4.0 billion (+7.6%)** in insurance operating revenues
- Total consolidated loss ratio of **77.5%**
- Return on average equity (ROAE) of **15.5%**

Conference Call

July 29, 2016 (Friday)

Portuguese (with simultaneous translation to English)

10 am (Brasília) / 9 am (US/EDT)

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SulAmérica
120years

MESSAGE FROM MANAGEMENT

In a period largely impacted by strong macroeconomic instability, we reached net income of R\$126.4 million in the quarter. The results, a record for a second quarter, were possible due to cost containment efforts in our operations.

“ In a period largely impacted by strong macroeconomic instability, we reached net income of R\$126.4 million in the quarter. ”

Net operating revenue reached R\$4.1 billion, an increase of 6.9% even after the divestment of two portfolios in the property and casualty segment, announced at the end of 2015. By operating in several segments, we were able to compensate lower results in some segments with good performance in others. Investment income provided an important contribution to results, growing by 19.7% in the quarter.

The health segment performed well, especially when we take into consideration the still high unemployment levels and the recessionary environment in Brazil that has been significantly impacting the healthcare industry. Operating revenues for this segment grew by 15.2%, benefited by the performance of all of our group health portfolios. In the corporate segment, we are taking advantage of consolidation opportunities taking place in the private health insurance industry. So even with a decrease in the number of beneficiaries in existing contracts, a phenomenon that began last year, we are posting good levels of new sales and adequate retention ratios. The continuous investments in health management actions focused on health and wellness promotion programs, and claims management focused on reducing costs and frequency of use resulted in a quarter of improvement in the medical loss ratio. The dental segment continued its growth trajectory and presented relevant performance both in revenue and in the number of insured members, with increases of 21.8% and 26.8%, respectively.

Performance for the auto insurance business reflected an unstable macroeconomic scenario and an increasingly competitive environment, with revenue contraction and a worse loss ratio. SulAmérica remains committed to its underwriting policy focused on profitability. The life insurance and personal accident lines posted a significant improvement in the loss ratio, demonstrating the effectiveness of our portfolio repositioning strategy. The ratio ended the quarter at 32.7%, one of the best levels ever presented by this segment.

In the other business lines, our asset management operation, known as *SulAmérica Investimentos*, performed well and kept a significant volume of assets under management, at R\$31.3 billion at quarter-end, out of which R\$5.7 billion are linked to our private pension business, reinforcing our commitment to excellence in asset management.

The Company continues to invest in integrating the different business units, optimizing customer service channels and enhancing its online apps for clients and brokers. We are well-positioned to stand up to the challenges facing 2016 through the synergies in our business lines, the commercial expansion, with four new branches opened in the first half, and improvements in operational quality and efficiency. I would also like to thank the engagement of our employees, and the trust, dedication and contribution from our insurance brokers, business partners and other stakeholders.

Gabriel Portella
CEO

1. Main Highlights

Financial Highlights (R\$ million)								
	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	3,956.5	3,678.5	7.6%	3,709.4	6.7%	7,665.9	7,201.3	6.5%
Health & Dental	3,009.0	2,611.9	15.2%	2,924.0	2.9%	5,933.1	5,187.6	14.4%
Automobile	813.3	880.6	-7.6%	668.5	21.7%	1,481.9	1,649.7	-10.2%
Other Property & Casualty	36.9	86.2	-57.2%	37.1	-0.5%	74.0	166.3	-55.5%
Life & Personal Accident	97.2	99.7	-2.5%	79.7	21.9%	176.9	197.8	-10.6%
Other Operating Revenues	167.6	180.8	-7.3%	174.7	-4.0%	342.2	342.1	0.0%
Private Pension	124.3	132.5	-6.2%	118.5	4.9%	242.8	245.0	-0.9%
Savings Bonds	12.2	14.4	-14.9%	14.4	-15.2%	26.6	30.5	-12.8%
Administrative Services Only	9.7	8.4	15.6%	10.8	-10.8%	20.5	15.8	29.5%
Asset Management	9.4	9.6	-2.0%	9.1	3.0%	18.5	19.5	-5.1%
Other Revenues	12.1	16.0	-24.7%	21.8	-44.7%	33.9	31.3	8.4%
Total Operating Revenues	4,124.1	3,859.3	6.9%	3,884.1	6.2%	8,008.2	7,543.5	6.2%
Investment Income	232.3	194.0	19.7%	202.0	15.0%	434.2	375.3	15.7%
Net Income	127.1	126.7	0.4%	106.7	19.2%	233.8	231.1	1.2%
Net Income after non-Controlling Interest	126.4	125.8	0.5%	105.9	19.4%	232.3	229.2	1.4%
Net Income per unit (R\$)*	0.38	0.38	0.5%	0.32	19.2%	0.69	0.69	1.3%
Recurring ROAE (% last 12 months)	15.5%	16.5%	-100 BPS	15.9%	-40 BPS			
Insurance Operational Ratios (%)								
	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Loss Ratio	77.5%	75.6%	-190 BPS	76.7%	-80 BPS	77.1%	76.5%	-60 BPS
Health & Dental	82.1%	82.6%	40 BPS	81.7%	-50 BPS	81.9%	83.5%	160 BPS
Automobile	67.6%	59.6%	-790 BPS	64.9%	-270 BPS	66.2%	58.9%	-730 BPS
Other Property & Casualty	38.4%	36.1%	-220 BPS	42.7%	430 BPS	40.5%	52.9%	1250 BPS
Life & Personal Accident	32.7%	51.3%	1850 BPS	37.6%	490 BPS	35.0%	50.0%	1500 BPS
Acquisition Cost	10.7%	11.1%	40 BPS	11.0%	30 BPS	10.9%	11.1%	20 BPS
Health & Dental	6.2%	6.3%	0 BPS	6.4%	10 BPS	6.3%	6.3%	0 BPS
Automobile	23.6%	23.7%	0 BPS	23.6%	0 BPS	23.6%	23.5%	-20 BPS
Other Property & Casualty	38.1%	24.0%	-1410 BPS	33.6%	-450 BPS	35.9%	24.4%	-1140 BPS
Life & Personal Accident	30.4%	28.6%	-170 BPS	34.5%	410 BPS	32.3%	29.3%	-300 BPS
Combined Operating	101.3%	100.1%	-120 BPS	101.9%	60 BPS	101.6%	100.7%	-90 BPS
	95.5%	94.9%	-60 BPS	96.6%	100 BPS	96.0%	95.5%	-50 BPS
Consolidated Ratios (% of total operating revenues)								
	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Gross Margin	8.5%	9.2%	-70 BPS	9.0%	-50 BPS	8.7%	8.8%	0 BPS
General & Administrative Expenses	8.9%	8.6%	-30 BPS	9.6%	60 BPS	9.2%	8.7%	-60 BPS
Net Margin	3.1%	3.3%	-20 BPS	2.7%	30 BPS	2.9%	3.0%	-10 BPS
Operating Highlights								
	2Q16	2Q15	Δ	1Q16	Δ			
Health & Dental Insured Members (thousand)	2,917	2,741	6.4%	2,832	3.0%			
Health Insured Members	2,090	2,089	0.1%	2,076	0.7%			
Dental Insured Members	827	652	26.8%	757	9.3%			
Insured Fleet (thousand)	1,664	1,585	5.0%	1,652	0.7%			
Insured Lives (thousand)	2,423	2,414	0.4%	2,367	2.4%			
Assets under Management (R\$ billion)	31.3	28.5	9.9%	31.7	-1.2%			
Private Pension Reserves (R\$ million)	5,667	4,988	13.6%	5,542	2.3%			

The main components of the Company's result in the quarter are: (i) total operating revenues of R\$4.1 billion, 6.9% higher than in 2Q15 ; (ii) total consolidated loss ratio of 77.5%, with the highlight being the improvement of 40 BPS in the health and dental segment; and (iii) growth of 19.7% in investment income, which totaled R\$232.3 million.

The following aspects should be noted when comparing 2Q16 with the same period last year: (i) the revenue, the gross margin and the net income do not include the contribution of the large risks and mortgage portfolios; and (ii) the new CSLL rate (Social Contribution tax) of 20%, which became effective in September 2015, negatively impacting the bottom line by approximately R\$11.8 million.

Net income totaled R\$126.4 million in the quarter, 0.5% above 2Q15, and R\$232.3 million in 1H16, 1.4% higher than in the same period of last year. The 2Q16 consolidated results are especially important when considering the strong economic slowdown, worsening unemployment levels and increased tax burden. Even in this adverse environment, we were able to maintain our consistent execution, a result of our underwriting policy focused on profitability, in addition to our discipline in controlling operational and administrative costs and managing our proprietary assets.

*Net income per unit is calculated by multiplying the basic earnings per share by three. Each unit is comprised of three shares, one common share and two preferred. The total number of shares outstanding for the years 2016 and 2015 are different. Please refer to Note 22.7 in the Financial Statements for the period details on the calculation of earnings per share.

2. Health and Dental, and Administrative Services Only (ASO)

Health and Dental Insurance

Health and Dental insurance operating revenues increased by 15.2% to R\$3.0 billion, with group plans performance being the highlight, presenting double-digit growth in all portfolios. Group plans account for 84.2% of total health and dental insurance revenues. Top performers were the SME (small and medium enterprises) and dental portfolios, growing top line by 17.7% and 21.8%, respectively. The segment's consolidated gross margin increased by 24.7%. Initiatives to boost cross sell have proven right, positively impacting the performance of new sales in the health and dental portfolio.

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	3,019.4	2,620.7	15.2%	2,937.3	2.8%	5,956.7	5,203.9	14.5%
Insurance	3,009.0	2,611.9	15.2%	2,924.0	2.9%	5,933.1	5,187.6	14.4%
Group	2,533.9	2,165.6	17.0%	2,450.3	3.4%	4,984.2	4,296.5	16.0%
Corporate/Affinity	1,763.5	1,512.2	16.6%	1,701.7	3.6%	3,465.2	3,014.9	14.9%
SME	728.2	618.7	17.7%	709.3	2.7%	1,437.4	1,215.3	18.3%
Dental	42.3	34.7	21.8%	39.3	7.5%	81.6	66.3	23.1%
Individual Health	475.1	446.4	6.4%	473.8	0.3%	948.9	891.0	6.5%
Administrative Services Only	9.7	8.4	15.6%	10.8	-10.8%	20.5	15.8	29.5%
Other Operating Revenues	0.7	0.5	39.9%	2.5	-73.1%	3.1	0.6	451.1%
Changes in Technical Reserves	-15.7	-11.5	-35.8%	-7.8	-99.7%	-23.5	-22.1	-6.6%
Insurance	-15.7	-11.5	-35.8%	-7.8	-99.7%	-23.5	-22.1	-6.6%
Operating Expenses	-2,745.3	-2,402.0	-14.3%	-2,676.9	-2.6%	-5,422.2	-4,808.2	-12.8%
Insurance	-2,743.1	-2,400.3	-14.3%	-2,675.0	-2.5%	-5,418.1	-4,804.7	-12.8%
Administrative Services Only	-2.2	-1.7	-29.3%	-1.9	-15.6%	-4.2	-3.5	-17.8%
Gross Margin	258.3	207.2	24.7%	252.6	2.3%	510.9	373.7	36.7%
Insurance	250.3	200.1	25.1%	241.2	3.8%	491.5	360.8	36.2%
Administrative Services Only	7.4	6.6	12.0%	8.9	-16.5%	16.3	12.3	32.8%
Other	0.7	0.5	39.9%	2.5	-73.1%	3.1	0.6	451.1%
Loss Ratio	82.1%	82.6%	40 BPS	81.7%	-50 BPS	81.9%	83.5%	160 BPS
Group	79.1%	79.2%	10 BPS	78.6%	-60 BPS	78.8%	80.5%	160 BPS
Individual Health	98.4%	99.0%	60 BPS	97.9%	-50 BPS	98.2%	98.1%	-10 BPS
Acquisition Cost	6.2%	6.3%	0 BPS	6.4%	10 BPS	6.3%	6.3%	0 BPS
Group	7.4%	7.5%	20 BPS	7.6%	20 BPS	7.5%	7.5%	10 BPS
Individual Health	0.2%	0.2%	0 BPS	0.2%	0 BPS	0.2%	0.2%	0 BPS

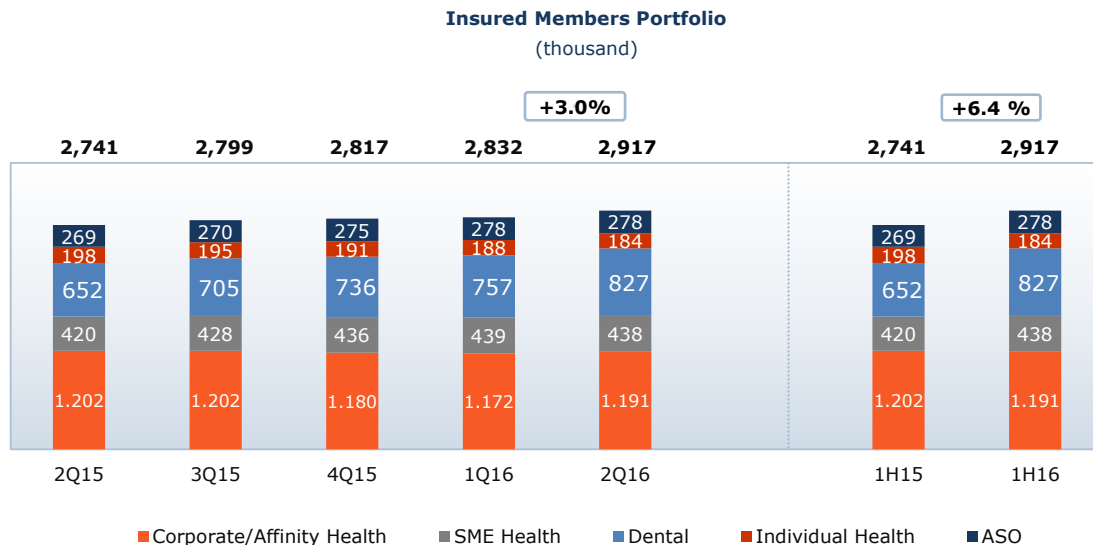
During 2Q16, the Company concluded another round of necessary price readjustment negotiations, which will be applied only on corresponding contract anniversary dates, which are concentrated in the third quarter. Thus, the second quarter results are not yet meaningfully impacted by this new cycle of readjustments.

The performance in the quarter shows not only the resilience of the existing portfolio, but also the strength of our distribution, which drives new sales and maintain adequate retention levels. Regional expansion and product diversification enabled a platform through which SulAmérica is well positioned to take advantage of market opportunities arising from the current consolidation process taking place in the private healthcare industry in Brazil.

(Thousand members)	2Q16	2Q15	Δ	1Q16	Δ
Group Health	1,906	1,891	0.8%	1,888	1.0%
Corporate/Affinity Health	1,191	1,202	-0.9%	1,172	1.7%
SME Health	438	420	4.2%	439	-0.3%
Administrative Services Only	278	269	3.3%	278	0.1%
Dental	827	652	26.8%	757	9.3%
Group Total	2,733	2,543	7.5%	2,644	3.4%
Individual Health	184	198	-7.2%	188	-2.0%
Total	2,917	2,741	6.4%	2,832	3.0%

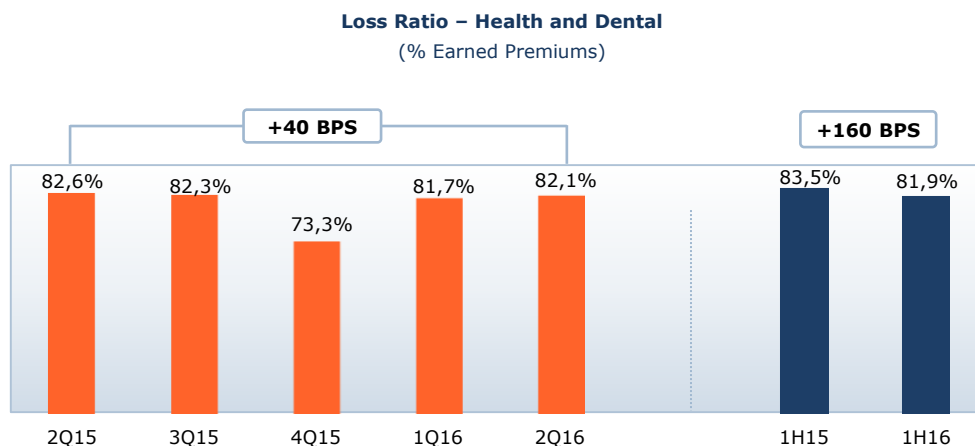
The total number of members in health and dental group plans grew 7.5%, or net adds of 190 thousand lives in comparison to 2Q15. The highlights were the SME and dental portfolios, growing 4.2% and 26.8%, respectively. The ASO portfolio of beneficiaries also grew, by 3.3%, reaching 278 thousand lives.

2. Health and Dental, and Administrative Services Only (ASO) (cont.)



Even after posting improving figures in health and dental, the Company remains alert to industry indicators. Recent available statistics from ANS (National Agency of Supplemental Health) for June 2016 show that the number of insured lives reached 48.5 million in health and 22.0 million in dental, representing, respectively, a decline of 3.3% and an increase of 1.9% compared to the previous year. In 2016, the industry lost around 910 thousand insured members. Since the beginning of 2015, this figure reaches more than 1.9 million lives, mostly from group plans, which are negatively impacted by the increase in the unemployment rate. SulAmérica on the other hand continued its growth trend, increasing insured members in both health and dental plans, as a result of adequate levels of new sales and retention.

Furthermore, in line with the trend observed throughout 2015, the Company was able to show improvement in its operating costs in the 2Q16, reducing the loss ratio by 40 BPS, a result of the continuity of the several initiatives in claims management and health promotion, combined with an adequate underwriting policy. The loss ratio for group plans remained practically stable in relation to the same period of last year. The individual portfolio, although impacted by some adjustments related to the allocation of costs and expenses to claims, reached a loss ratio of 98.4%, 60 BPS better than 2Q15.



2. Health and Dental, and Administrative Services Only (ASO) (cont.)

Health Administrative Services Only (ASO)

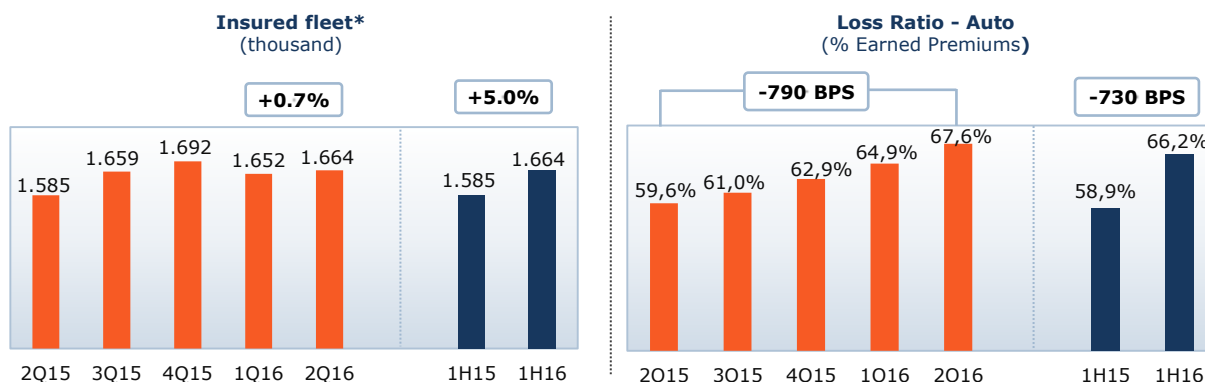
Operating revenues from ASO plans grew 15.6% in 2Q16, with an increase of 3.3% in the number of beneficiaries. Operating gross margin totaled R\$7.4 million, 12.0% higher when compared to 2Q15.

3. Auto and Other Property and Casualty Insurance

Auto Insurance

Operating revenues for this segment showed a decrease of 7.6%, totaling R\$813.3 million, reflecting the decrease in the production and sale of new vehicles. In an environment characterized by strong increase in competition, the Company maintained its underwriting policy focused on profitability, incorporating in it the trends identified since the end of 2015. In 2Q16, insured fleet reached 1.7 million vehicles, 5.0% above the same period last year and 0.7% higher than 1Q16. The segment's loss ratio worsened 790 BPS, reaching 67.6%, negatively impacted by an increased frequency of auto theft and robbery and a higher number of total losses. Acquisition cost ratio maintained its level at 23.6%.

Amid an unstable macroeconomic environment and a very competitive environment, the auto insurance market saw its revenues shrink and loss ratio deteriorated. Recent data from SUSEP (Superintendence of Private Insurance) shows that in the first five months of 2016 the market fell by 2.8% in premiums and worsened 260 BPS in the loss ratio, which was 64.2%. In the same period, SulAmérica's premiums fell by 8.6% and loss ratio was 65.7%.



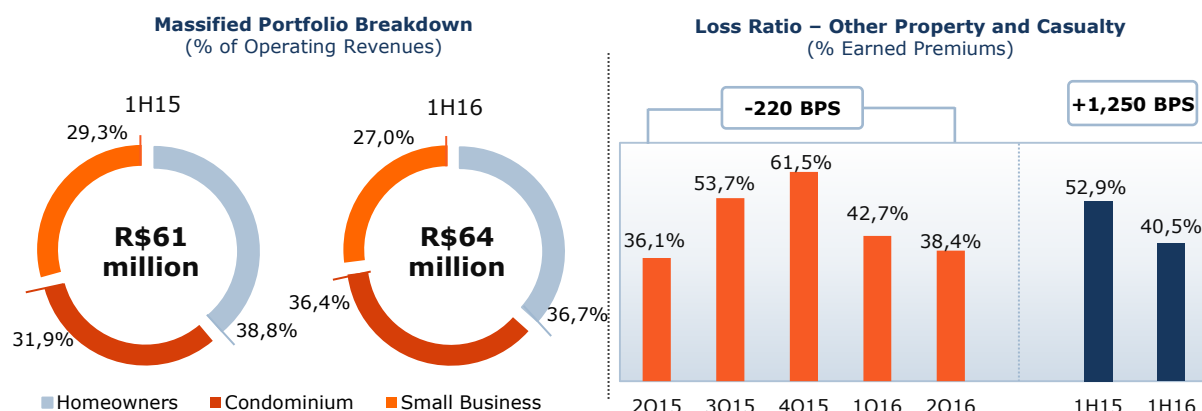
*Insured fleet net of technical cancellations.

Other Property and Casualty Insurance

Other property and casualty operating revenues declined 57.2%, totaling R\$36.9 million, impacted by the sale of the large risks portfolio to AXA Corporation and the sale of the Mortgage Insurance Portfolio for Market Policies to PAN Seguros, both concluded in December 2015. Excluding the effect of the divested portfolios, the revenue for the segment would have increased 4.6% in the quarter, and 6.9% year-to-date. The segment's loss ratio in the quarter reached 38.4%, 220 BPS worse than in the same period of the previous year, while acquisition costs totaled 38.1%, 1,410 BPS above 2Q15, explained by the change in the portfolio mix.

Considering only the massified segment, which represents 85.8% of the remaining portfolio in this segment in 1H16, revenues grew by 4.3%, reaching R\$63.5 million, with a loss ratio of 42.4%, 820 BPS below 1H15.

3. Auto and Other Property and Casualty Insurance (cont.)



(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	861.3	982.1	-12.3%	725.4	18.7%	1,586.8	1,845.9	-14.0%
Insurance	850.3	966.8	-12.1%	705.7	20.5%	1,555.9	1,816.0	-14.3%
Automobile	813.3	880.6	-7.6%	668.5	21.7%	1,481.9	1,649.7	-10.2%
Other Property & Casualty	36.9	86.2	-57.2%	37.1	-0.5%	74.0	166.3	-55.5%
Massified and Others	36.9	35.3	4.6%	37.1	-0.5%	74.0	69.2	6.9%
Divested Portfolios	-	50.9	NA	-	NA	-	97.1	NA
Other Operating Revenues	11.1	15.3	-27.5%	19.8	-43.9%	30.8	29.9	3.0%
Changes in Technical Reserves	-21.7	-129.6	83.3%	155.0	NA	133.3	-169.0	NA
Automobile	-22.1	-128.1	82.8%	155.2	NA	133.2	-170.4	NA
Other Property & Casualty	0.4	-1.6	NA	-0.2	NA	0.2	1.3	-86.6%
Operating Expenses	-792.3	-742.2	-6.8%	-799.8	0.9%	-1,592.2	-1,457.9	-9.2%
Insurance	-792.0	-739.6	-7.1%	-799.3	0.9%	-1,591.2	-1,452.6	-9.5%
Automobile	-744.2	-656.6	-13.3%	-754.3	1.3%	-1,498.4	-1,274.5	-17.6%
Other Property & Casualty	-47.8	-83.0	42.4%	-45.0	-6.3%	-92.8	-178.1	47.9%
Other Operating Expenses	-0.4	-2.6	85.0%	-0.6	32.3%	-1.0	-5.3	81.7%
Gross Margin	47.3	110.3	-57.1%	80.6	-41.3%	127.9	219.0	-41.6%
Automobile	47.1	95.9	-50.9%	69.5	-32.2%	116.6	204.8	-43.1%
Other Property & Casualty	-10.5	1.6	NA	-8.1	-30.1%	-18.5	-10.5	-77.4%
Other	10.7	12.7	-15.8%	19.2	-44.3%	29.9	24.7	21.1%
Loss Ratio	66.2%	57.2%	-900 BPS	63.9%	-230 BPS	65.1%	58.3%	-670 BPS
Automobile	67.6%	59.6%	-790 BPS	64.9%	-270 BPS	66.2%	58.9%	-730 BPS
Other Property & Casualty	38.4%	36.1%	-220 BPS	42.7%	430 BPS	40.5%	52.9%	1250 BPS
Acquisition Cost	24.3%	23.7%	-60 BPS	24.1%	-20 BPS	24.2%	23.6%	-60 BPS
Automobile	23.6%	23.7%	0 BPS	23.6%	0 BPS	23.6%	23.5%	-20 BPS
Other Property & Casualty	38.1%	24.0%	-1410 BPS	33.6%	-450 BPS	35.9%	24.4%	-1140 BPS

The Other Operating Revenues line refers mainly to the services provided by the Company to AXA Corporation, and *Caixa Seguros*, with which SulAmérica has a co-insurance agreement for the sale of auto insurance policies in *Caixa's* branches.

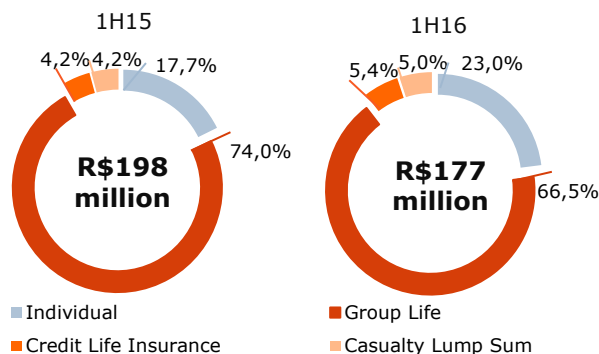
4. Life and Personal Accident Insurance and Private Pension

Life and Personal Accident Insurance

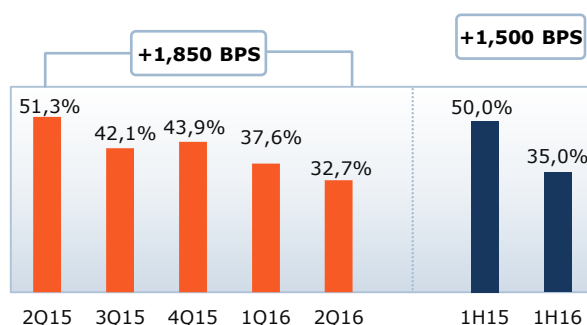
Life and personal accident revenues decreased by 2.5% in the quarter, reaching R\$97.2 million, reflecting the repositioning actions on this segment, such as the non-renewal of policies with profitability lower than expected, with a positive effect in the gross margin, which presented significant improvement of 48.8%. The group life insurance once again represented the largest part of the portfolio, 66.5% in the semester, but other portfolios gained share, showing effective cross selling efforts by the brokers, as well as the result of the aforementioned repositioning process that includes a new distribution and client acquisition structure, along with operational processes enhancements. The loss ratio continued to show significant improvement, this time of 1,850 percentage points compared to the same quarter of the previous year, to 32.7%, one of the best ratios ever presented by the segment.

4. Life and Personal Accident Insurance and Private Pension (cont.)

Segment Breakdown
(% of Operating Revenues)



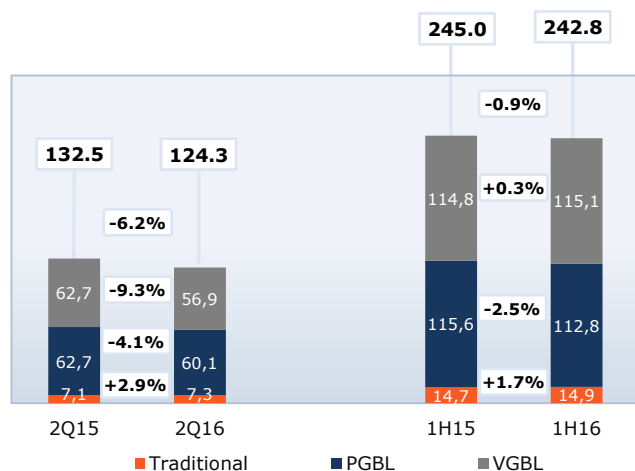
Loss Ratio – Life and Personal Accident
(% Earned Premiums)



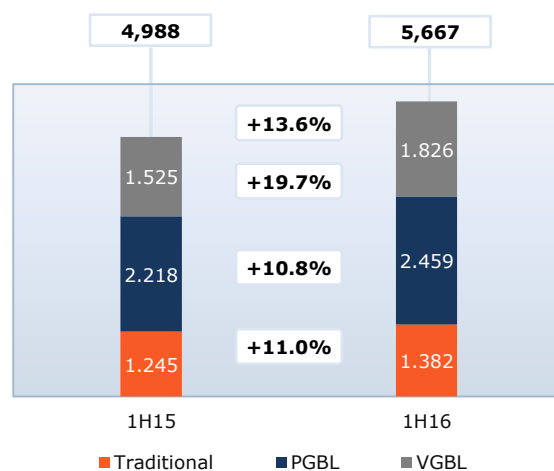
Private Pension

The segment recorded an important growth of 13.6% in pension reserves, which totaled R\$5.7 billion, as a result of the profitability of the private pension funds managed by *SulAmérica Investimentos*. Operating revenues decreased 6.2% in comparison to 2Q15.

Pension Operating Revenues
(R\$ million)



Pension Reserves
(R\$ million)



(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	221.8	232.5	-4.6%	197.8	12.1%	419.6	443.6	-5.4%
Insurance	97.2	99.7	-2.5%	79.7	21.9%	176.9	197.8	-10.6%
Private Pension	124.3	132.5	-6.2%	118.5	4.9%	242.8	245.0	-0.9%
Other Operating Revenues	0.3	0.3	20.3%	-0.4	NA	-0.1	0.8	NA
Changes in Technical Reserves	-94.7	-110.2	14.1%	-96.8	2.2%	-191.5	-201.2	4.8%
Insurance	2.9	6.1	-52.6%	6.8	-57.8%	9.7	9.8	-0.2%
Private Pension	-97.6	-116.3	16.1%	-103.6	5.8%	-201.2	-210.9	4.6%
Operating Expenses	-96.6	-102.8	6.0%	-98.0	1.4%	-194.7	-207.9	6.3%
Insurance	-79.4	-91.9	13.6%	-82.2	3.3%	-161.6	-182.3	11.4%
Private Pension	-17.2	-10.8	-58.5%	-15.8	-8.5%	-33.0	-25.5	-29.3%
Gross Margin	30.5	19.5	56.2%	3.0	918.3%	33.5	34.6	-3.1%
Insurance	20.7	13.9	48.8%	4.4	372.0%	25.0	25.2	-0.9%
Private Pension	9.5	5.4	77.0%	-1.0	NA	8.5	8.5	-0.1%
Other	0.3	0.3	20.3%	-0.4	NA	-0.1	0.8	NA
Loss Ratio	32.7%	51.3%	1850 BPS	37.6%	490 BPS	35.0%	50.0%	1500 BPS
Acquisition Cost	30.4%	28.6%	-170 BPS	34.5%	410 BPS	32.3%	29.3%	-300 BPS

5. Savings Bonds

The Company continues to implement structural initiatives such as strategic partnerships and greater participation in underpenetrated markets. The segment maintained its focus on the Rental Guarantee and incentive products. Operating revenues totaled R\$12.2 million, a decrease of 14.9% in comparison to 2Q15, due to the macroeconomic environment that affected demand in the house rental market and for promotional and marketing campaigns. Reserves totaled R\$613.8 million at the end of period, 2.4% lower than 1Q16.

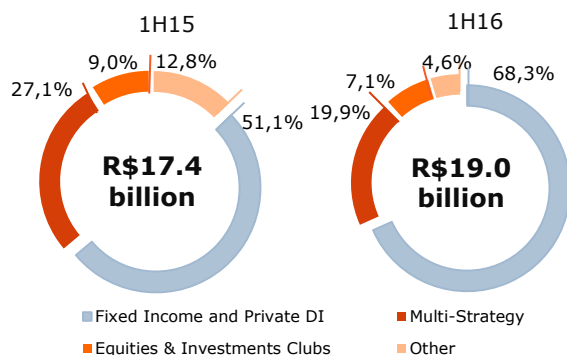
(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	12.2	14.4	-14.9%	14.4	-15.2%	26.6	30.5	-12.8%
Operating Expenses	-7.7	-7.2	-7.1%	-9.5	19.2%	-17.1	-15.9	-8.0%
Gross Margin	4.6	7.2	-36.8%	4.9	-7.4%	9.5	14.7	-35.4%
Savings Bonds Reserves	613.8	627.1	-2.1%	629.2	-2.4%			

6. Asset Management

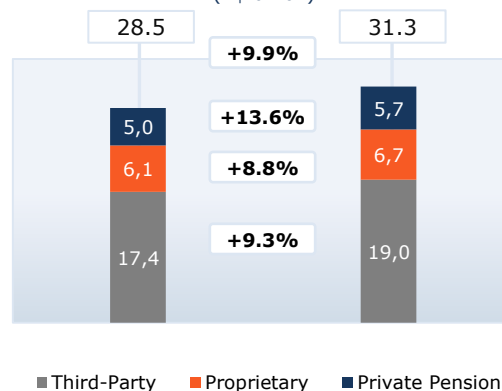
SulAmérica Investimentos, our asset management business, finished the quarter with \$31.3 billion in AuM, 9.9% above 2Q15, explained by an increase in third-party assets, in our proprietary portfolio and in the private pension reserves. Gross operating margin decreased by 2.8% in the quarter as a result of the migration of assets to fixed income funds which, in general, have lower average management fees than other types of funds.

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenues	9.4	9.6	-2.0%	9.1	3.0%	18.5	19.5	-5.1%
Management Fee	9.2	9.3	-1.0%	9.0	2.1%	18.3	19.1	-4.3%
Performance Fee	0.1	0.2	-38.3%	0.1	129.5%	0.2	0.4	-46.7%
Operating Expenses	-1.0	-0.9	-5.6%	-1.1	6.8%	-2.1	-1.7	-18.5%
Gross Margin	8.4	8.6	-2.8%	8.0	4.3%	16.4	17.7	-7.5%

Third-Party Assets Under Management
(% of Total AuM)



Assets Under Management*
(R\$ billion)



*The reported third-party assets under management include investment funds and portfolios that are managed or administered by *SulAmérica Investimentos S.A.*

7. Administrative Expenses

The Company maintained an adequate level of administrative expenses management and leveraged on operational synergy gains. The general and administrative (G&A) expenses ratio represented 8.9% of operating revenues, which was 30 BPS worse compared to 2Q15. The ratio was impacted by the comparative basis which is not the same as the operating revenues in 2Q15 included the other property and casualty portfolios sold at the end of 2015. In absolute terms, G&A expenses increased 10.7%, affected by salary readjustments (labor agreement) and inflation readjustments in third-party contracts, mainly IT-related ones.

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Personnel Expenses	-170.0	-149.5	-13.7%	-169.7	-0.2%	-339.7	-289.7	-17.3%
Third-Party Services	-94.4	-81.8	-15.4%	-88.0	-7.3%	-182.4	-163.4	-11.6%
Buildings and Maintenance	-48.9	-46.7	-4.7%	-49.3	0.8%	-98.2	-90.2	-8.8%
Other Administrative Expenses	-22.5	-24.0	6.4%	-23.4	3.9%	-45.9	-43.4	-5.7%
Expenses Recovery	0.7	1.3	-43.7%	5.6	-87.3%	6.3	3.0	110.9%
Profit Sharing	-15.9	-14.2	-12.2%	-14.6	-9.1%	-30.6	-30.3	-1.0%
Tax Expenses	-4.5	-3.8	-16.0%	-19.5	77.1%	-23.9	-13.0	-83.9%
Depreciation & Amortization	-13.1	-14.2	7.6%	-13.3	1.2%	-26.4	-27.0	2.2%
Total	-368.6	-333.1	-10.7%	-372.2	1.0%	-740.7	-653.9	-13.3%
General & Administrative Expenses Ratio (% operating revenues)	8.9%	8.6%	-30 BPS	9.6%	60 BPS	9.2%	8.7%	-60 BPS

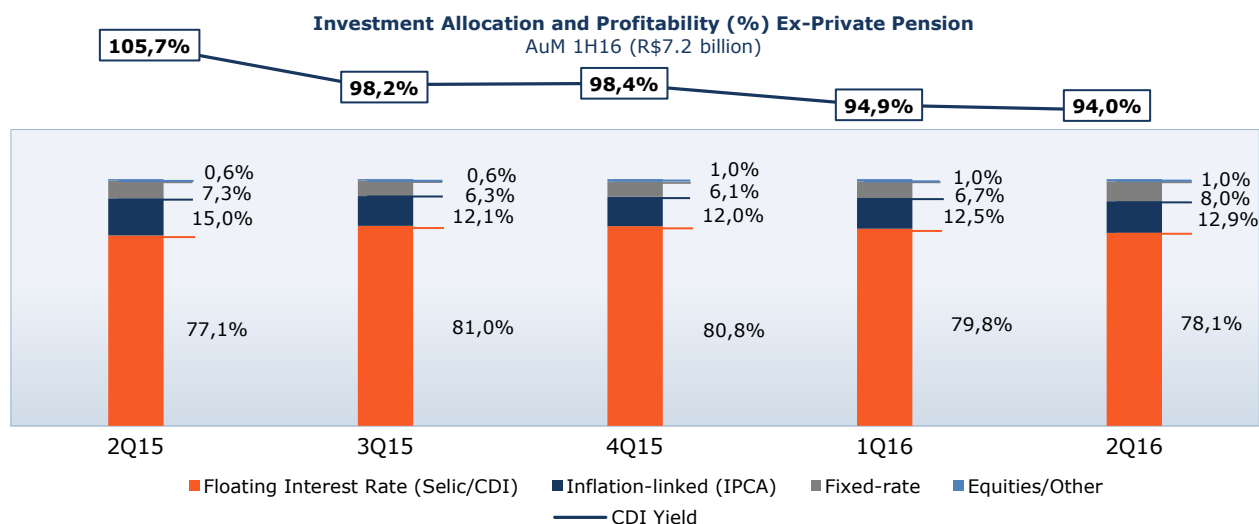
8. Investment Income

Total investment income reached R\$232.3 million, a growth of 19.7% compared to the 2Q15, mainly due to the higher benchmark interest rate (Selic) in the period and also the increase in the total proprietary portfolio under management. The Company's proprietary portfolio (not linked to the private pension business) yielded 94.0% of the CDI benchmark for the quarter, and 94.4% year-to-date, negatively impacted by the market volatility in the period. Around 99% of the proprietary assets are allocated in fixed income and less than 1% held in equities. Approximately 94% of the fixed income allocation is AAA-rated or sovereign risk (Brazilian government bonds).

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Investment Income ex-Private Pension	231.5	193.3	19.8%	201.0	15.2%	432.5	372.6	16.1%
Return on Investment Portfolio	222.0	205.5	8.0%	224.5	-1.1%	446.5	413.4	8.0%
Debt Service Cost	-33.0	-29.7	-11.3%	-36.6	9.9%	-69.7	-61.1	-13.9%
Other	42.5	17.4	145.0%	13.1	223.5%	55.7	20.3	173.7%
Investment Income from Private Pension	0.8	0.7	7.1%	0.9	-15.9%	1.7	2.7	-36.7%
Return on Investment Portfolio of Private Pension	175.7	143.6	22.3%	182.5	-3.7%	358.1	288.5	24.1%
Change in Liabilities of Private Pension	-174.9	-142.9	-22.4%	-181.6	3.7%	-356.5	-285.8	-24.7%
Total Investment Income	232.3	194.0	19.7%	202.0	15.0%	434.2	375.3	15.7%

Balance

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ
Balance Excluding Private Pension	7,157.6	6,666.0	7.4%	7,148.8	0.1%
Private Pension Operations Balance	5,666.7	4,988.5	13.6%	5,541.5	2.3%
Total Balance	12,824.3	11,654.4	10.0%	12,690.3	1.1%



9. Income Statement

(R\$ million)	2Q16	2Q15	Δ	1Q16	Δ	1H16	1H15	Δ
Operating Revenue	4,124.1	3,859.3	6.9%	3,884.1	6.2%	8,008.2	7,543.5	6.2%
Insurance	3,956.5	3,678.5	7.6%	3,709.4	6.7%	7,665.9	7,201.3	6.5%
Private Pension	124.3	132.5	-6.2%	118.5	4.9%	242.8	245.0	-0.9%
Saving Bonds	12.2	14.4	-14.9%	14.4	-15.2%	26.6	30.5	-12.8%
ASO	9.7	8.4	15.6%	10.8	-10.8%	20.5	15.8	29.5%
Asset Management	9.4	9.6	-2.0%	9.1	3.0%	18.5	19.5	-5.1%
Other	12.1	16.0	-24.7%	21.8	-44.7%	33.9	31.3	8.4%
Changes in Premium Technical Reserves	-132.0	-251.4	47.5%	50.4	NA	-81.6	-392.3	79.2%
Insurance	-34.5	-135.1	74.5%	154.0	NA	119.6	-181.3	NA
Private Pension	-97.6	-116.3	16.1%	-103.6	5.8%	-201.2	-210.9	4.6%
Operating Expenses	-3,641.8	-3,253.9	-11.9%	-3,584.9	-1.6%	-7,226.7	-6,490.7	-11.3%
Insurance	-3,613.3	-3,230.6	-11.8%	-3,556.0	-1.6%	-7,169.4	-6,438.8	-11.3%
Claims	-3,072.7	-2,711.0	-13.3%	-2,997.1	-2.5%	-6,069.8	-5,431.0	-11.8%
Acquisition Costs	-425.1	-399.1	-6.5%	-429.4	1.0%	-854.5	-784.9	-8.9%
Other	-115.6	-120.5	4.1%	-129.5	10.8%	-245.1	-222.9	-10.0%
Private pension	-17.2	-10.8	-58.5%	-15.8	-8.5%	-33.0	-25.5	-29.3%
Benefits and Redemptions Expenses	-9.9	-6.5	-52.8%	-8.6	-15.0%	-18.6	-12.6	-47.6%
Acquisition Costs	-6.9	-2.6	-159.8%	-6.8	-0.6%	-13.7	-8.5	-60.9%
Other	-0.4	-1.7	77.8%	-0.4	-0.9%	-0.7	-4.4	83.1%
Saving Bonds	-7.7	-7.2	-7.1%	-9.5	19.2%	-17.1	-15.9	-8.0%
ASO	-2.2	-1.7	-29.3%	-1.9	-15.6%	-4.2	-3.5	-17.8%
Asset Management	-1.0	-0.9	-5.6%	-1.1	6.8%	-2.1	-1.7	-18.5%
Other	-0.4	-2.6	85.0%	-0.6	32.3%	-1.0	-5.3	81.7%
Operating Gross Margin	350.3	354.0	-1.1%	349.5	0.2%	699.8	660.5	6.0%
General and Administrative Expenses	-368.6	-333.1	-10.7%	-372.2	1.0%	-740.7	-653.9	-13.3%
Net Investment Income	232.3	194.0	19.7%	202.0	15.0%	434.2	375.3	15.7%
Equity Interest Income	8.9	7.6	16.3%	10.3	-13.8%	19.2	17.3	10.7%
Other Equity Income / (Expenses)	-0.2	-1.1	80.4%	-0.3	23.5%	-0.5	8.2	NA
Income before tax and social contribution	222.6	221.5	0.5%	189.3	17.6%	411.9	407.4	1.1%
Income Tax and Social Contribution	-95.5	-94.8	-0.7%	-82.7	-15.5%	-178.1	-176.3	-1.0%
Net Income	127.1	126.7	0.4%	106.7	19.2%	233.8	231.1	1.2%
Attributable to Non-Controlling Shareholders	-0.7	-0.9	22.5%	-0.8	5.2%	-1.5	-1.8	19.5%
Net Income After Non-Controlling Interests	126.4	125.8	0.5%	105.9	19.4%	232.3	229.2	1.4%

10. Balance Sheet

ASSETS

(R\$ million)	2Q16	2015	Δ
Current Assets	14,278.1	14,254.5	0.2%
Cash, cash equivalents and marketable securities	11,575.7	11,256.5	2.8%
Receivables	1,913.8	2,141.5	-10.6%
Taxes	56.0	122.4	-54.3%
Reinsurance assets	52.5	57.7	-9.0%
Salvages for sale	78.8	62.6	25.9%
Deferred acquisition costs	575.7	596.0	-3.4%
Other	25.6	17.8	43.3%
Non-current assets	5,905.2	5,793.1	1.9%
Marketable securities	1,300.4	1,305.6	-0.4%
Receivables	576.9	567.4	1.7%
Judicial deposits	2,451.8	2,427.9	1.0%
Reinsurance assets	8.1	69.1	-88.3%
Deferred acquisition costs	386.3	358.4	7.8%
Taxes	812.4	709.8	14.5%
Other	0.6	1.2	-50.7%
Investments, property and equipment, and intangible assets	368.8	353.7	4.3%
Total Assets	20,183.3	20,047.6	0.7%

LIABILITIES

(R\$ million)	2Q16	2015	Δ
Current Liabilities	7,967.6	8,048.0	-1.0%
Accounts payable	1,215.5	1,468.9	-17.3%
Loans and financing	327.3	217.8	50.3%
Insurance and reinsurance liabilities	370.0	381.2	-2.9%
Technical reserves - Insurance	5,948.1	5,870.7	1.3%
Judicial provisions	91.3	93.9	-2.8%
Other	15.4	15.5	-0.5%
Non-current Liabilities	7,486.6	7,568.7	-1.1%
Accounts payable	20.6	29.0	-28.7%
Loans and financing	578.7	860.5	-32.7%
Deferred taxes	0.0	0.1	NA
Insurance and reinsurance liabilities	0.1	99.8	-99.9%
Technical reserves - Insurance	4,809.9	4,602.3	4.5%
Judicial provisions	2,046.8	1,977.0	3.5%
Other	30.4	0.0	NA
Shareholders' Equity	4,729.1	4,430.9	6.7%
Total Liabilities and Shareholders' Equity	20,183.3	20,047.6	0.7%

11. Analyst Coverage

Firm	Analyst	Phone
Agora	Aloísio Lemos	+55 (21) 2529-0807
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BTG Pactual	Eduardo Rosman	+55 (11) 3383-2772
Citi	Juan Carlos Arandia	+55 (11) 4009-2650
Credit Suisse	Victor Schabbel	+55 (11) 3701-6337
Goldman Sachs	Carlos Macedo	+1 (212) 902-7211
Haitong	Pedro Fonseca	+55 (11) 3074-7418
JP Morgan	Domingos Falavina	+55 (11) 4950-3474
Merrill Lynch	Mario Pierry	+55 (11) 2188-4565
Safra	Francisco Kops	+55 (11) 3175-9073
Santander	Henrique Navarro	+55 (11) 3012-5756
UBS	Mariana Taddeo	+55 (11) 3513-6512
Votorantim	Flavio Yoshida	+55 (11) 5171-5627

12. Glossary

Operating revenues: this account is comprised of (i) sum of net insurance retained premiums; (ii) contributions, management fees and other private pension revenues; (iii) collection revenues net of changes in technical provisions and other deductions; (iv) management fees and other revenues from Health Administrative Services Only (ASO) plans; (v) management and performance fees from the asset management operation; (vi) other revenues not directly linked to operations. All operating revenues presented in this account are net of direct tax expenses (ISS, PIS and Cofins).

Operating expenses: this account is comprised of (i) insurance expenses (claims, acquisition costs and other insurance expenses); (ii) private pension expenses (benefits and redemptions, acquisition costs and other operating expenses); (iii) savings bonds expenses (acquisition costs and other expenses); (iv) general expenses related to ASO plans, excluding payable events already deducted from revenues; (v) general expenses related to the asset management operation; (vii) other expenses not directly linked to the operations.

Operating gross margin: this account is comprised of operating revenues net of operating expenses and changes in insurance and private pension technical provisions.

Insurance Operational Ratios

Loss ratio: the ratio between retained claims and earned premiums.

Acquisition cost ratio: the ratio between insurance acquisition costs and earned premiums.

Combined ratio: equals the sum of the loss ratio, acquisition cost ratio, other insurance operating revenues and expenses ratio, insurance tax expenses ratio and insurance gross margin ratio, calculated over earned premiums, and general and administrative expenses ratio, calculated over retained premiums.

Operating ratio: equals the difference between the combined ratio and the investment income ratio, which is calculated over retained premiums.

Insurance operational ratios, as well as the breakdown of earned premiums and retained premiums, can be found in the fundamentals spreadsheet, available at the Investor Relations website (www.sulamerica.com.br/ir)

Other Consolidated Ratios

Operating gross margin: the ratio between operating gross margin and total operating revenues.

General and administrative expenses ratio: the ratio between general and administrative expenses and total operating revenues.

Net margin: the ratio between net income and total operating revenues.

Return on average equity (ROAE): considers net income in the last twelve months and average shareholders' equity in the period.

Some percentages and other figures included in this performance report have been rounded for ease of presentation and therefore may present small differences in the tables and notes of quarterly information. Additionally, for the same reason, the totals in certain tables may not reflect the arithmetic sum of the previous values. Consolidated net income, net income per unit, and ROAE figures consider results for the Company net of non-controlling interest.