(A free translation of the original in Portuguese)

IRB Brasil Resseguros S.A.

Consolidated and parent company Interim financial statements for the semester ended June 30, 2016 and independent auditors' report



1H16

Dear Stockholders,

We submit to your appreciation the management report, the financial statements of IRB Brasil RE for the first half of 2016 and the independent auditor's report on the financial statements.

The Company's consolidated financial statements have been prepared in accordance with accounting practices adopted in Brazil, issued by the Brazilian Accounting Pronouncements Committee (CPCs), associated with the standards and instructions of regulatory and oversight authorities applicable to reinsurance operations, and in accordance with the International Financial Reporting Standards (IFRS) established by the International Accounting Standards Board (IASB).

Highlights for the period

- Total Premiums Issued increased by **26%** and totaled **R$ 2.5 billion**
- Underwriting Results totaled **R$ 285.3 million**; an increase of **18%**
- Finance result increased by **22%**, reaching **R$ 531.9 million,** with a yield in the global portfolio of own assets of **133%** of the **CDI**
- Decrease of **11%** in administrative expenses
- Profit increased by **21%**, reaching **R$ 414.3 million,** with a **ROE** of **32%**

Revenues from Premiums

In the first half of 2016, the total volume of **premiums issued** by IRB Brasil RE increased by 26% in relation to the same period in 2015, totaling R$ 2.5 billion. Of this amount, R$ 1.9 billion relate to premiums issued in Brazil and R$ 595 million to premiums issued abroad, which increased its share from 20% in 1H15 to 23% in 1H16. This increase in premiums issued in 1H16 was mainly due to the increase in Agriculture, Property and Life lines in Brazil and abroad.

Breakdown of Premiums Issued - %

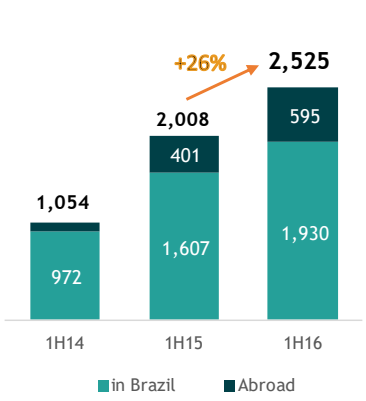




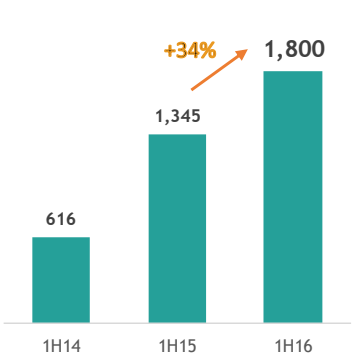
Total **retained premiums** in the first half of 2016 reached R$ 1.8 billion, an increase of 34% in relation to the same period in 2015. This increase can be explained by the higher retention of premiums, from 67% in the first half of 2015 to 71% in the first half of 2016, an increase of four percentage points. **Premiums earned** also followed the growth trend, and increased by 37% over the first half of 2015, totaling R$ 1.7 billion in the first half of 2016, influenced by the best performance of premiums issued, associated with a higher retention of premiums in the period.

The Company's focus on getting new businesses and maintaining the leadership position in Brazil's reinsurance market contributed to maintaining growth in the six-month period.

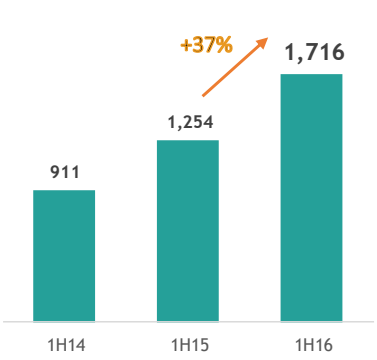
Premiums Issued - R$ million



Retained Premiums - R$ million



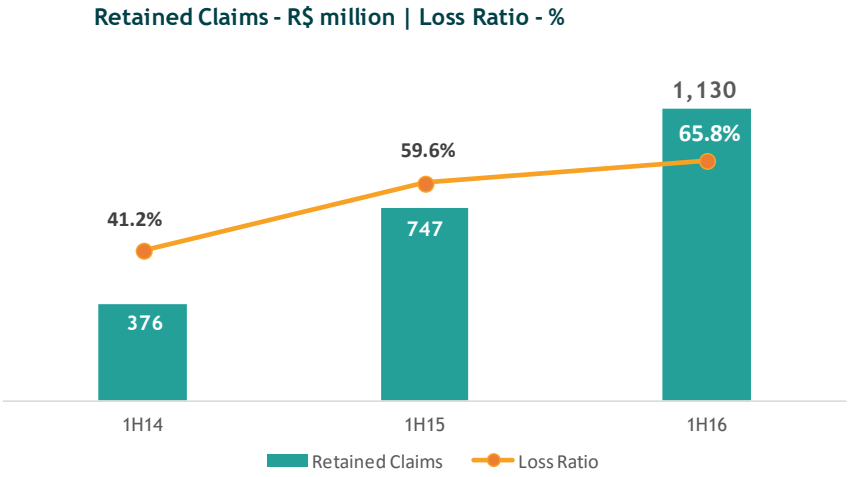
Premiums Earned - R$ million



Retained Claims

Accumulated figures in the first half of 2016 showed an increase of R$ 383 million in retained claims, from R$ 747 million in the first half of 2015 to R$ 1.1 billion in the first half of 2016. The loss ratio in the first half of 2016 increased by 6 percentage points from 59.6% in the first half of 2015 to 65.8% in the first half of 2016. This increase reflects the claims recognized, especially in the rural segment, which is impacted on a seasonal basis in the first six-month period of the year due to (i) the drought in some Northern and Midwestern regions which adversely affects corn, soybean and coffee plantations; and (ii) the effects of the increase in the historical average rainfall in the Southern region, with damages to plantations.

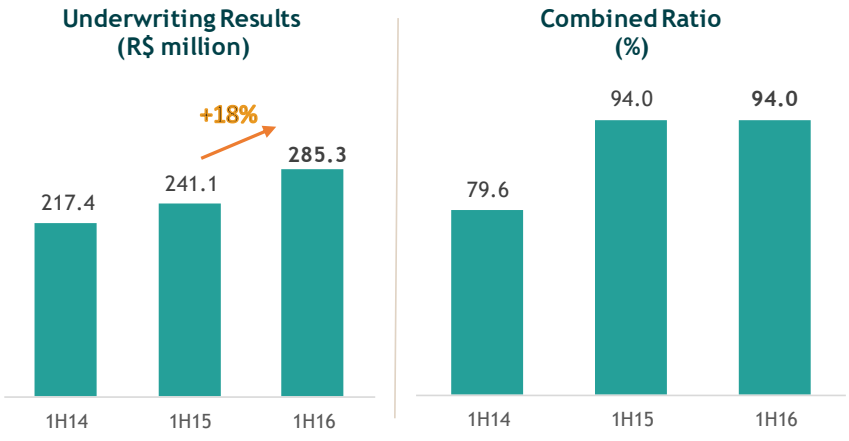




Underwriting Results

Underwriting results totaled R$ 285.3 million in the first half of 2016, an increase of 18% in relation to the first half of 2015.

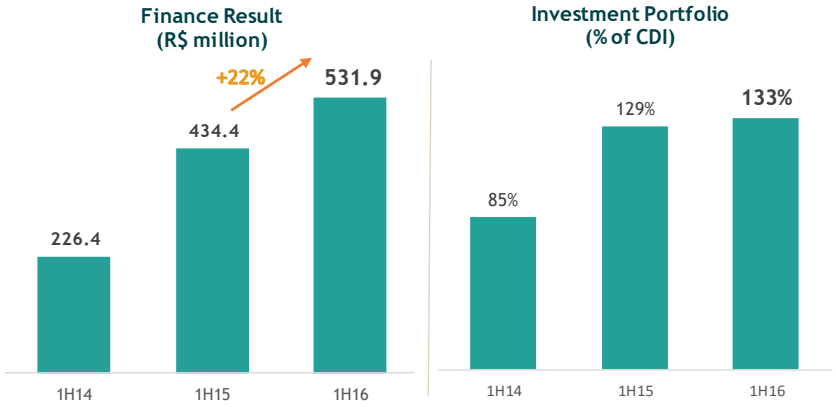
In the first half of 2016, the combined ratio was 94.0%, which remaining stable in relation to the same period in 2015, mainly due to the increase in the volume of premiums issued in the period associated with a decrease in the administrative expenses ratio, thus offsetting the increase in the loss ratio.



Finance Result

In the first half of 2016, finance result totaled R$ 531.9 million, an increase of 22% over the same period in 2015. The investment portfolio totaled approximately R$ 6.2 billion, with a nominal rate of return of 9.33% p.a. and a performance equivalent to 133% of the benchmark (CDI).

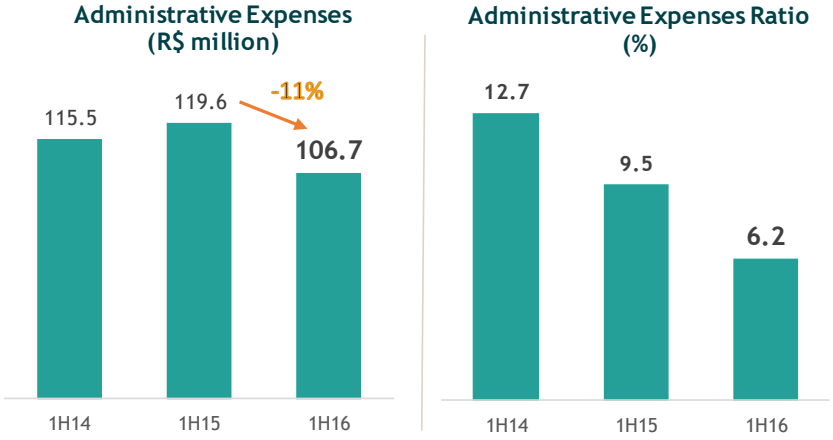
The following actions contributed to this performance: (i) position in government bonds indexed to inflation (National Treasury Notes - Series B (NTN-B)) with gains of 157% of CDI; (ii) position in fixed-rate government bonds (National Treasury Bills (LTN)) with gains of 170% of CDI; and (iii) variable-income position with nominal gains of 16% up to June 2016.



In compliance with the provisions of item IV of article 145 of Attachment I to SUSEP Circular No. 517 of July 30, 2015, IRB Brasil RE states that it has financial capacity commensurate with its operations and the intention to hold up to maturity the marketable securities classified as "securities held to maturity".

Administrative expenses

Administrative expenses had a nominal reduction of 11%, from R$ 119.6 million in the first half of 2015 to R$ 106.7 million in the first half of 2016. In real terms, updated based on the Amplified Consumer Price Index (IPCA), this reduction was 18%, considering the restructuring process in a search for more efficiency, without prejudice to the increase in the volume of premiums issued by the Company. Consequently, the relationship between administrative expenses and premiums earned fell by 3 percentage points, from 9.5% to 6.2% at the end of the first half of 2016.

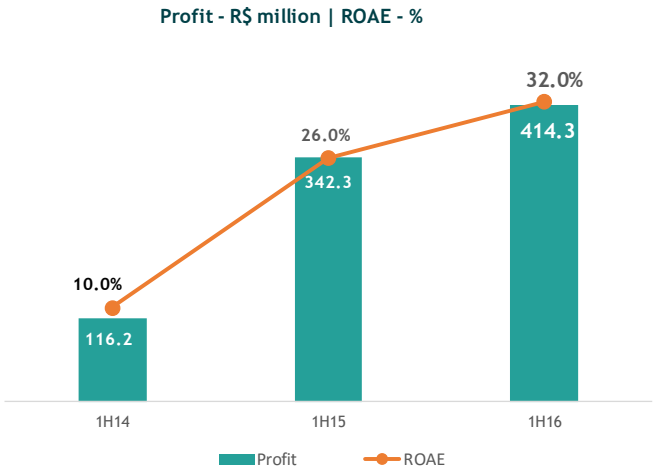




1H16

Profit

Profit in the first half of 2016 increased by 21% in relation to the first half of 2015, totaling R$ 414.3 million. The return on average net assets increased by 6 percentage points, from 26% in the first half of 2015 to 32% in the first half of 2016. This result was achieved through the combination of significant increases in the volume of premiums issued, operating results and finance result, together with an efficient administrative management focused on generating value.



Interest on Capital

In the first half of 2016, the Company's Board of Directors approved the distribution R$ 113.8 million as interest on capital to its shareholders.

Significant Awards

In the first half of 2016, IRB won two awards: "Best Performance/Best Reinsurer" (groups with equity over R$ 500 million) and "Market Leader" (reinsurance), granted in connection with the 13th edition of the Brazil Insurer Award. Companies are recognized not only by the actions implemented, but also by the results achieved by the initiatives or the set of activities, contributing to the development of the Brazilian insurance industry.

Risk management

In 2016, for the fifth year in a row, IRB Brasil RE had its A rating renewed by A.M. Best, a risk rating agency specializing in the insurance and reinsurance sector, which has been attesting the solid and robust financial position of IRB based on its balance sheet and considering its discipline in risk underwriting and financial management.

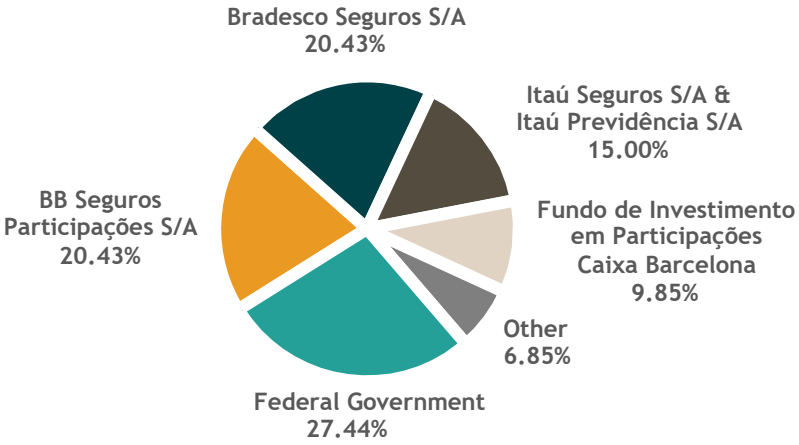
Relationship with Shareholders and Stakeholders

Corporate Governance

The Board of Directors of IRB Brasil RE consists of five members. The history and the market knowledge of our major shareholders, with whom we frequently interact, are an important support for management. Furthermore,

the Board of Directors is assisted by one Statutory Audit Board, consisting of three members, and five statutory independent committees that assist our directors to better decide for minority interests.

Currently, our shareholding structure comprises the leading Brazilian banks and the federal government, as shown below:



Independent Auditors

In accordance with CVM Instruction No. 381/03, we inform that the Company and its subsidiaries adopt as a formal procedure to consult with the independent auditor PricewaterhouseCoopers (PwC) to assure that the provision of other services by them does not affect the independence and the objectivity necessary for the performance of independent audit services.

PricewaterhouseCoopers Auditores Independentes believes that the provision of services was made in strict compliance with accounting standards addressing the independence of independent auditors for audit work and, therefore, did not represent a situation that could affect the independence and objectivity in the performance of their external audit services.



Management Statement

Pursuant to the requirements of CVM (Brazilian Securities Commission) Instruction No. 480/09, Management states that it has discussed, reviewed, and endorsed the financial statements for the period ended June 30, 2016 taken together with the independent auditors' report.

Acknowledgments

We express our gratitude and recognition to all employees, shareholders, customers of insurance companies, for choosing IRB Brasil RE as their priority reinsurer for its own protection, and to our partners and government representatives for their support and confidence in our mission to build a Company that can be a leader in Brazil, as well as in the constant search for value generation.

The Management

Board of Directors

Chairman
Esteves Pedro Colnago Junior
Directors
Alexsandro Broedel Lopes
Flávio Eduardo Arakaki
Marcelo Augusto Dutra Labuto
Samuel Monteiro dos Santos Junior

Executive Board

CEO
Tarcísio José Massote de Godoy
Vice-Presidents
Fernando Passos
José Carlos Cardoso
Lucia Maria da Silva Valle
Mario Di Croce

Rio de Janeiro, July 21, 2016.

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Independent auditor's report

To the Board of Directors and Shareholders
IRB - Brasil Resseguros S.A.

We have audited the accompanying parent company financial statements of IRB - Brasil Resseguros S.A. ("Parent Company" or "Company), which comprise the balance sheet as at June 30, 2016 and the statements of income, comprehensive income, changes in equity and cash flows for the semester then ended, as well as the accompanying consolidated financial statements of IRB - Brasil Resseguros S.A. ("Consolidated), which comprise the consolidated balance sheet as at June 30, 2016 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the semester then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting practices adopted in Brazil applicable to the entities supervised by the Private Insurance Agency ("Superintendência de Seguros Privados - SUSEP") and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsability

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

PricewaterhouseCoopers , Rua do Russel, 804 – Glória, Rio de Janeiro, RJ, Brasil 22210-907, Caixa Postal 20010-974
T: (21) 3232-6112, F: (21) 3232-6113, www.pwc.com/br

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IRB - Brasil Resseguros S.A. and of IRB - Brasil Resseguros S.A. and its subsidiaries as at June 30, 2016, and its financial performance and cash flows, as well as the consolidated financial performance and cash flows, for the semester then ended, in accordance with the accounting practices adopted in Brazil applicable to the entities supervised by the Private Insurance Agency ("Superintendência de Seguros Privados - SUSEP").

Others matters

Supplementary information -
Statements of value added

We have also audited the parente company and consolidated statements of value added for the semester ended June 30, 2016, which are the responsability of the Company's management, whose presentation is being made voluntarily by the Company. The statements were subject to the same audit procedures described above and, in our opinion, are fairly presented, in all material respects, in relation to the financial statements taken as a whole.

Rio de Janeiro, July 21, 2016

PricewaterhouseCoopers
Auditores Independentes
CRC 2SP000160/O-5 "F" RJ

Claudia Eliza Medeiros de Miranda
Accountant CRC 1RJ087128/O-0

IRB-Brasil Resseguros S.A.

Balance sheets

In thousands of reais

(A free translation of the original in Portuguese)

Assets	Note	Parent Company June 30, 2016	Parent Company December 31, 2015	Consolidated June 30, 2016	Consolidated December 31, 2015
Current assets		**7,224,035**	**8,619,282**	**7,283,703**	**8,672,854**
Cash and cash equivalents		169,388	13,952	185,186	18,277
Cash and banks	5	169,388	13,952	185,186	18,277
Investments	6	1,092,907	2,060,711	1,093,255	2,066,856
Credits of reinsurance and retrocession	7.1	2,173,846	2,188,472	2,174,371	2,188,489
Operations with insurers	7.2.1	1,707,021	1,819,174	1,707,021	1,819,174
Operations with reinsurers	7.2.2	541,153	427,256	541,153	427,256
Other operating credits		25,050	90,658	25,575	90,675
(-) Reserve for credit risks		(99,378)	(148,616)	(99,378)	(148,616)
Retrocession assets - technical reserves		3,678,313	4,212,755	3,713,050	4,254,580
Premium - Retrocessium	8.2	680,919	716,063	680,919	716,063
Losses - Retrocessium	8.1	2,977,607	3,476,261	3,012,344	3,518,086
Other reserves	8.3	19,787	20,431	19,787	20,431
Securities and receivables		109,427	142,145	117,687	143,405
Securities and receivables	9	6,306	11,053	14,533	12,313
Tax and social security credits	10.1	103,121	131,092	103,154	131,092
Prepaid expenses		154	1,247	154	1,247
Non-current assets		**6,212,210**	**5,649,413**	**6,211,248**	**5,665,778**
Long term receivables		5,935,180	5,375,606	5,743,166	5,292,824
Investments	6	4,819,296	4,186,565	4,633,796	4,103,783
Securities and receivables		1,115,884	1,189,041	1,109,370	1,189,041
Securities and receivables	9	35,730	28,118	29,216	28,118
Tax and social security credits	10.1	206,190	206,190	206,190	206,190
Deferred tax assets	10.1	384,871	480,691	384,871	480,691
Judicial and fiscal deposits	21	489,093	474,042	489,093	474,042
Investments		181,420	174,545	372,463	273,676
Corporate shares	2.2	175,021	-	-	-
Properties for sale	11	6,317	174,431	372,381	273,562
Other investments		82	114	82	114
Property and equipment	12	34,519	35,905	34,528	35,921
Intangible assets	13	61,091	63,357	61,091	63,357
Total Assets		**13,436,245**	**14,268,695**	**13,494,951**	**14,338,632**

Liabilities and Equity	Note	Parent Company June 30, 2016	Parent Company December 31, 2015	Consolidated June 30, 2016	Consolidated December 31, 2015
Current liabilities		**9,639,639**	**10,290,813**	**9,698,345**	**10,360,750**
Accounts payables		184,465	158,815	207,693	183,649
Payables	14.1	108,487	79,637	108,976	81,272
Taxes and social charges payable		17,681	22,113	19,599	22,113
Labor reserves	22	9,903	7,212	9,903	7,212
Reserves for post-employment benefits	14.2 e 25	38,307	35,582	38,307	35,582
Reserves for taxes and contributions	15	10,087	14,271	10,087	14,271
Reserves for devaluation of investments	24.9			20,821	23,199
Debits of reinsurance and retrocession operations	16.1	945,129	1,038,195	945,408	1,038,535
Operations with insurers	16.2.1	86,585	156,082	86,585	156,082
Operations with insurers	16.2.2	687,853	676,759	688,115	677,078
Reinsurance and retrocession brokers		53,614	52,500	53,631	52,521
Other operating debits		117,077	152,854	117,077	152,854
Third-party deposits	17	6,946	2,917	6,946	2,917
Anticipated premium collection		6,946	2,917	6,946	2,917
Technical reserves - reinsurers and retrocessions		8,503,099	9,090,886	8,538,298	9,135,649
Elementary and life group lines		8,503,099	9,090,886	8,538,298	9,135,649
Unearned premium reserve	18.1	1,727,244	1,838,199	1,727,244	1,838,199
Current risks issued		1,551,019	1,663,975	1,551,019	1,663,975
Current risks not issued		176,225	174,224	176,225	174,224
Losses outstanding	18.2	5,445,701	5,922,313	5,446,168	5,923,334
Reserves for claims incurred but not reported	18.2	1,249,039	1,265,900	1,283,771	1,309,642
Other reserves	18.4	81,115	64,474	81,115	64,474
Non- current liabilities		**750,361**	**803,287**	**750,361**	**803,287**
Long term payables		750,361	803,287	750,361	803,287
Accounts payable		698,316	682,314	698,316	682,314
Reserves for taxes and contributions	21	371,250	353,107	371,250	353,107
Reserves for post-employment benefits	14.2 e 25	326,756	328,897	326,756	328,897
Other payables	14.1	310	310	310	310
Debits of reinsurance and retrocession operations		789	789	789	789
Other operating debits		789	789	789	789
Other contingent liabilities	21	51,256	120,184	51,256	120,184
Tax contingencies			66,053		66,053
Labor contingencies		45,254	48,184	45,254	48,184
Other reserves		6,002	5,947	6,002	5,947
Equity		3,046,245	3,174,595	3,046,245	3,174,595
Share capital	23.1	1,453,080	1,453,080	1,453,080	1,453,080
Revenue reserves	23.3	1,232,314	1,814,876	1,232,314	1,814,876
Carrying value adjustments	23.4	(40,529)	(80,405)	(40,529)	(80,405)
Adittional dividends proposed	23.2	(12,956)	(12,956)	(12,956)	(12,956)
Treasury shares		414,336		414,336	
Total Libilities and equity		**13,436,245**	**14,268,695**	**13,494,951**	**14,338,632**

The accompanying notes are an integral part of these financial statements.

Statements of income
Semesters ended June 30
In thousands of reais

(A free translation of the original in Portuguese)

	Note	Parent Company		Consolidated	
		June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Net premium earned		2.173.242	1.760.455	2.173.242	1.760.455
Changes in technical reserves		(91.044)	(65.212)	(91.044)	(65.212)
Premiums earned	24.1	**2.082.198**	**1.695.243**	**2.082.198**	**1.695.243**
Incurred claims	24.2	**(1.331.453)**	**(919.425)**	**(1.331.453)**	**(919.425)**
Direct claims		(1.312.352)	(686.719)	(1.312.352)	(686.719)
Salvages and reimbursements		57.635	21.219	57.635	21.219
Changes in reserve for claims incurred but not reported		(76.736)	(253.925)	(76.736)	(253.925)
Acquisition costs	24.3	**(57.560)**	**(49.963)**	**(57.560)**	**(49.963)**
Commission		(57.560)	(49.963)	(57.560)	(49.963)
Other operating revenue and expenses	24.5	**11.634**	**(31.057)**	**12.511**	**(29.718)**
Result of retrocession	24.4	**(363.693)**	**(441.095)**	**(363.693)**	**(441.095)**
Revenue from retrocession		293.465	196.843	293.465	196.843
Expenses from retrocession		(630.504)	(628.265)	(630.504)	(628.265)
Salvage and reimbursements		(37.032)	(11.368)	(37.032)	(11.368)
Other operating revenue and expenses		10.378	1.695	10.378	1.695
Administrative expenses	24.6	**(111.591)**	**(119.646)**	**(137.509)**	**(134.292)**
Tax expenses	24.7	**(78.588)**	**(46.756)**	**(78.914)**	**(46.756)**
Finance results	24.8	**434.321**	**423.755**	**435.220**	**424.443**
Finance income		814.425	905.402	814.528	905.406
Finance costs		(380.104)	(481.647)	(379.308)	(480.963)
Equity results	24.9	**21.695**	**(1.902)**	**23.131**	**(2.156)**
Net profit from leased properties		14.871	19.393	23.789	19.393
Adjustments to investments in subsidiaries		6.766	291	-	-
Other net equity revenue		58	(21.586)	(658)	(21.549)
Operating results		**606.963**	**509.154**	**583.931**	**496.281**
Income with non-current assets		**12**	**16**	**12**	**16**
Profit before income tax and social contribution		**606.975**	**509.170**	**583.943**	**496.297**
Income tax	24.10	(84.242)	(95.735)	(84.874)	(95.782)
Social contribution	24.10	(96.447)	(58.154)	(96.683)	(58.154)
Profit share		(11.950)	(12.920)	-	-
Net profit for the semester		**414.336**	**342.361**	**402.386**	**342.361**
Basic and diluted earnings per share		1,33	1,10	1,30	1,10

The accompanying notes are an integral part of these financial statements.

Statements of comprehensive income
Semesters ended June 30

In thousands of reais (A free translation of the original in Portuguese)

	Note	Parent Company and Consolidated 2016	2015
Profit for the semester		**414,336**	**342,361**
Other comprehensive income			
Item to be recorded later in results			
Exchange differences in translation of operations abroad	**23.4**	(237)	3,073
Financial assets available-for-sale	**23.4**		
Net gain (loss) arising from reassessment of financial assets available-for-sale in the semester		93,726	(19,791)
Unrealized gains and losses on marketable securities - subsidiaries		131	15
Income tax and social contribution		**(42,177)**	**7,916**
		51,443	**(8,787)**
Items that will not be reclassified to results			
Post-employment benefits	**23.4**		
Remeasurement of post-employment liabilities		(20,458)	37,144
Remeasurement of post-employment liabilities - subsidiaries		479	(196)
Income tax and social contribution		**8,412**	**(14,857)**
		(11,567)	**22,091**
Total comprehensive income		**39,876**	**13,304**
Total comprehensive income for the semester		**454,212**	**355,665**

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statements of changes in equity

In thousands of reais, and dividends per common share

(A free translation of the original in Portuguese)

	Note	Share capital	Revenue reserve		Treasury shares	Carrying value adjustments	Retained earnings	Proposal for additional dividend distribution	Parent Company´s owner´s equity
			Legal	Reinvestment					
At January 1, 2015		**1.453.080**	**283.670**	**973.193**	**(12.956)**	**(28.788)**	**0**	**285.733**	**2.953.932**
Fair value adjustments on marketable securities	23.4					(11.860)			(11.860)
Accumulated translation adjustments	23.4					3.073			3.073
Actuarial gain in post-employment benefits	25					22.091			22.091
Net income for the year							342.361		342.361
Total comprehensive income for the year		**-**	**-**	**-**	**-**	**13.304**	**342.361**	**-**	**355.665**
Total distributions to shareholders									
Proposal for profit -sharing									-
Additional dividend paid in 2015								(285.733)	(285.733)
Total distribution to shareholders		**-**	**-**	**-**	**-**	**-**	**-**	**(285.733)**	**(285.733)**
At June 1, 2015		**1.453.080**	**283.670**	**973.193**	**(12.956)**	**(15.484)**	**342.361**	**-**	**3.023.864**
At January 1, 2016		**1.453.080**	**290.617**	**1.070.197**	**(12.956)**	**(80.405)**		**454.062**	**3.174.595**
Fair value adjustments on marketable securities	23.4					51.680			51.680
Accumulated translation adjustments	23.4					(237)			(237)
Actuarial gain in post-employment benefits	25					(11.567)			(11.567)
Net income for the period							414.336		414.336
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**39.876**	**414.336**	**-**	**454.212**
Total distributions to shareholders									
Proposal for profit -sharing									-
Additional dividend paid in 2015				(14.700)				(454.062)	(468.762)
Distribution of interest on net equity	23.3			(113.800)					(113.800)
Total distribution to shareholders		**-**	**-**	**(128.500)**	**-**	**-**	**-**	**(454.062)**	**(582.562)**
At June 1, 2016		**1.453.080**	**290.617**	**941.697**	**(12.956)**	**(40.529)**	**414.336**	**-**	**3.046.245**

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statements of cash flows - (Direct method)
Semesters ended June 30

In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2016	2015	2016	2015
Operating activities				
Receipt of insurance premiums, social security contributions and management fees and others	2.270.386	1.457.966	2.270.386	1.457.966
Loss and commission recovery	267.856	383.218	267.856	384.441
Other operating receipts (salvage, reimbursements and others)	100.906	43.805	100.906	45.367
Payments for losses, benefits, redemptions and commission	(1.440.268)	(966.546)	(1.440.268)	(967.384)
Transfer of premiums due to retrocession	(639.393)	(488.894)	(639.393)	(488.894)
Payments of expenses and liabilities	(138.136)	(142.607)	(145.116)	(145.125)
Other operating payments	(123.251)	(75.482)	(123.251)	(75.482)
Receipt of rental and properties sell	10.254	20.498	19.018	20.498
Receipts of interest and dividends	7.252	949	7.509	1.185
Constitution (reversal) of judicial deposits	(199)	(24.182)	(199)	(24.182)
Cash from operations	315.407	208.725	317.448	208.390
Taxes and contributions paid	(207.707)	(186.519)	(207.956)	(186.519)
Financial investments				
Investments at fair value through profit or loss	(2.426.065)	(1.579.562)	(2.434.315)	(1.579.562)
Sales and redemptions of investments at fair value through profit or loss	2.473.543	1.930.308	2.485.989	1.930.308
Net financial investments	47.478	350.746	51.674	350.746
Net cash from operating activities	**155.178**	**372.952**	**161.166**	**372.617**
Investing activities				
Investments available-for-sale	(3.233.624)	(1.516.528)	(3.134.335)	(1.518.843)
Sales and redemptions of investments available-for-sale	3.762.896	1.123.583	3.768.825	1.125.697
Investments held to maturity		(1.633.966)		(1.633.966)
Sales and redemptions of investments held to maturity	9.120	1.978.958	9.120	1.978.958
Payment for the purchase of:				
Property and equipment	(2.664)	(6.585)	(2.677)	(6.585)
Intangible assets			(99.720)	
Investments	(7.600)	(6.312)	(7.600)	(6.312)
Receipt for the sale of:				
Investiments	600		600	
Property and equipment	103	48	103	48
Net cash from investing activities	**528.831**	**(60.802)**	**534.316**	**(61.003)**
Financing activities				
Distribution of dividends and interest on capital	(508.333)	(320.534)	(508.333)	(320.534)
Acquisition of company´s shares				
Net cash used in financing activities	**(508.333)**	**(320.534)**	**(508.333)**	**(320.534)**
Increase/decrease in cash and cash equivalents	175.676	(8.384)	187.149	(8.920)
Exchange variation in cash and cash equivalents	(20.240)	6.631	(20.240)	7.275
Increase (decrease) in cash and cash equivalents after exchange variation	**155.436**	**(1.753)**	**166.909**	**(1.645)**
Cash and cash equivalents at the beginning of the semester	**13.952**	**9.511**	**18.277**	**13.288**
Cash and cash equivalents at the end of the semester	**169.388**	**7.758**	**185.186**	**11.643**

	Parent Company		Consolidated	
	2016	2015	2016	2015
Reconciliation between profit for the period and net cash from operating activities				
Profit for the semester	**414,336**	**342,361**	**414,336**	**342,361**
Adjustments to profit				
Depreciation and amortization	14,734	12,866	15,549	12,875
Impairment of assets	(202)	21,735	(202)	21,735
Reserve (reversal) for impairment of trade receivables	(31,718)	24,741	(31,718)	24,741
Reserve (reversal) exchange rate of impairment of trade receivables	(17,520)		(17,520)	
Gain on disposal of property and equipment and intangible assets	(703)	(16)	(703)	(16)
Equity result	(6,766)	(291)		
Other adjustments	20,709	7,206	20,709	6,386
Changes in equity accounts				
Financial investments	(160,907)	(171,164)	(163,377)	(171,164)
Credits of insurance and reinsurance operations	(120,795)	(511,618)	(130,201)	(512,130)
Retrocession assets	534,442	(199,055)	493,350	(199,333)
Tax and social security credits	(31,790)	(171,359)	(31,790)	(171,359)
Prepaid expenses	1,093	(2,498)	1,093	(2,499)
Other assets	(2,917)	539	(4,634)	(1,454)
Judicial and fiscal deposits	(15,051)	(38,663)	(8,537)	(38,663)
Trade payables	16,876	(49,670)	17,335	(49,129)
Taxes and contributions	147,203	192,206	147,203	192,206
Debits of insurance and reinsurance operations	28,151	237,110	36,445	237,380
Thirty-party deposits	4,029	(3,105)	4,029	(3,105)
Technical reserves - insurance and reinsurance	(587,786)	628,390	(545,368)	630,548
Other liabilities	545	1,923	(4,048)	1,923
Judicial reserves	(50,785)	51,314	(50,785)	51,314
Net cash from operations	**155,178**	**372,952**	**161,166**	**372,617**

The accompanying notes are an integral part of these financial statements.

IRB-Brasil Resseguros S.A.

Statements of value added
Semesters ended June 30

In thousands of reais (A free translation of the original in Portuguese)

	Parent Company		Consolidated	
	2016	2015	2016	2015
Revenue				
Revenue from insurance operations	2,173,242	1,760,455	2,173,242	1,760,455
Others	(61,945)	7,103	(52,115)	7,103
Reserve/reversal for impairment of trade receivables	31,719	(24,741)	31,719	(24,741)
Changes in technical reserves	(91,044)	(65,212)	(91,044)	(65,212)
Net operating revenue	**2,051,972**	**1,677,605**	**2,061,802**	**1,677,605**
Benefits and losses				
Losses	(1,312,352)	(686,719)	(1,312,352)	(686,719)
Changes in reserve for claims incurred but not reported	(76,736)	(253,925)	(76,736)	(253,925)
Others	57,635	7,800	57,635	9,139
	(1,331,453)	**(932,844)**	**(1,331,453)**	**(931,505)**
Input acquired from third-parties				
Materials, energy and others	(21,084)	(4,107)	(22,125)	(4,258)
Third-party services, net of commission	(23,882)	(72,707)	(23,882)	(72,742)
	(44,966)	**(76,814)**	**(46,007)**	**(77,000)**
Gross value added	**675,553**	**667,947**	**684,342**	**669,100**
Depreciation, amortization and depletion	**(14,734)**	**(12,866)**	**(15,549)**	**(12,875)**
Net value added produced by the entity	**660,819**	**655,081**	**668,793**	**656,225**
Value added received in transfer				
Finance revenue	434,321	423,755	434,386	424,443
Results of reinsurance operations granted	(363,693)	(441,095)	(363,693)	(441,095)
Others	6,973	(7,538)	125	(8,748)
	77,601	**(24,878)**	**70,818**	**(25,400)**
Total value added to distribute	**738,420**	**630,203**	**739,611**	**630,825**
Distribution of the value added				
Staff	64,807	87,197	64,807	87,772
Taxes and contributions	259,277	200,645	260,468	200,692
Interest on capital	113,800	79,000	113,800	79,000
Retained earnings for the semester	300,536	263,361	300,536	263,361
	738,420	**630,203**	**739,611**	**630,825**

The accompanying notes are an integral part of these financial statements.

1 General information

IRB Brasil Resseguros S.A. ("IRB Brasil RE", the "Reinsurer" or the "Company") is a closed capital private company established in 1939 by President Getúlio Vargas, with headquarters at Avenida Marechal Câmara 171 in the municipality of Rio de Janeiro, and offices in São Paulo, Buenos Aires, London and New York. Its activities are focused on reinsurance operations in Brazil and abroad.

At the end of 2015, based on information from IRB Brasil RE and the Private Insurance Agency ("SUSEP"), the Company maintained its position as leader of the Brazilian reinsurance market, with market share of about 35.7% (accumulated up to April 2016), focusing on its performance in the generation of value for the clients through efficient reinsurance solutions, aiming for reliable results and sustainable growth perspectives.

The consolidated financial statements of June 30, 2016 were approved by the Company's directors on July 21, 2016.

2 Summary of significant accounting policies

The financial statements were prepared in accordance with accounting practices adopted in Brazil, which include the corporate legislation, the standards of the National Council of Private Insurance (CNSP) and the Private Insurance Agency (SUSEP) and the pronouncements, guidance and interpretations issued by the Brazilian Accounting Pronouncements Committee (CPC), when approved by SUSEP, in accordance with SUSEP Circular 517 of July 30, 2015 and disclose all (and only) the applicable significant information related to the financial statements, which is consistent with the information utilized by management in the performance of its duties.

The main accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied in the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, which, in the case of financial assets available-for-sale and other financial assets and liabilities, is adjusted to reflect their measurement at fair value.

The preparation of the parent company and consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a high degree of judgment or complexity, and where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

The presentation of the parent company and consolidated statements of value added is required by the Brazilian corporate legislation and the accounting practices adopted in Brazil for listed companies. The accounting practices adopted in Brazil applicable to entities supervised by the Private Insurance Agency (SUSEP) do not require the presentation of this statement. Consequently, the presentation of such statements is considered supplementary information, and not part of the set of financial statements.

The Company has a branch in London, the activities of which were discontinued (run-off) on December 11, 2014. At its 209th General Meeting, the Board of Directors approved the valuation of the operations of this branch at market value for further consideration of proposals for its possible sale. This valuation did not generate losses in IRB's financial statements. As the London operations do not represent a separate major line of business or geographical area of operations of the Company, as required by CPC 31, the balances at that branch were not presented as discontinued operations.

The Company also has a branch in Argentina, which started its operations on September 1, 2011. The corresponding accounting balances of these branches are recorded and presented in the parent company and consolidated financial statements.

2.2 Consolidation

The following accounting policies are applied in the preparation of the consolidated financial statements.

Subsidiaries are all entities for which the Company has the power to determine financial and operation policies, usually accompanied by a share of more than half of the voting capital. The existence and the effect of possible voting rights currently exercisable or convertible are considered when assessing if the Company controls other entities. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are deconsolidated from the date that control ceases.

The Company has a subsidiary located in the USA, which is in the process of discontinuing its operations and a company that centralizes the real estate investments made by the reinsurer. The information on the subsidiary is as follows:

	IRB International Corporation & Subsidiaries	IRB Investimentos e Participações Imobiliárias
Capital share	100%	100%
Number os shares owned	5,000,000	168,052,260
Assets	56,768	182,525
Current and non-current liabilities	35,947	7,504
Equity at the end of the period	20,821	175,021
Profit/Loss for the period	(202)	6,968

The Company also holds all the quotas of the following investment funds:

- BB Ações 22 Investment Fund
- BB Peabiru Fixed-income Investment Fund
- Bradesco Stock Investment Fund Safe IBRX-50
- Itaú FI IRB BRASIL RE Fixed-income
- Fundo de Investimento Caixa IRB Brasil RE Fixed-income
- Bradesco FIRF IRB Caixa
- BB IRB BRASIL RE FI RF LP Private Credit
- FI Itaú Renda Fixa IRB BRASIL RE Private Credit
- FI Caixa IRB BRASIL RE RF Private Credit LP
- Bradesco FI IRB BRASIL RE Private Credit LP
- Real Estate Investment Fund (FII)

The Company's consolidated financial statements were prepared in order to consolidate its results with those of its subsidiaries International Corporation & Subsidiaries and the whole-owned funds mentioned above and the companies operating in investments and real estate investments.

2.3 Foreign currency translation

(a) Functional and presentation currency

The items included in the Reinsurer's Parent Company and consolidated financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Brazilian reais (R$), which is the Company's functional currency.

(b) Transactions and balances

In the preparation of the Parent Company and consolidated financial statements, foreign currency transactions, i.e. transactions in any other currency but the Company's functional currency, are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. At the end of each semester, monetary items in foreign currency are translated again using the exchange rates prevailing at the end of the semester. Non-monetary items recorded at fair value determined in foreign currency are translated again using the rates on the date that the fair value was determined. Non-monetary items measured at historical cost in a foreign currency are translated using the exchange rate on the transaction date.

For the purposes of the presentation of the Parent Company and consolidated financial statements, the assets and liabilities of the Company's operations abroad are translated into Brazilian reais, using the rates prevailing at the end of the period. The results are translated using the year's average exchange rates, unless these rates have significantly floated during the semester; in this case, the rate prevailing at the transaction date is used. The exchange variation arising from these translations, if any, is classified under comprehensive results and accumulated in equity.

(c) Subsidiaries with different functional currencies

The results and financial positions of all the consolidated entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each statement of income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the transaction dates);

(iii) all resulting exchange differences are recognized as a separate component of equity, in the account "Carrying value adjustments".

2.4 Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with banks with immaterial risk of change in value. The balance is presented net of bank overdrafts in the statement of cash flows, when applicable. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

2.5 Financial assets

2.5.1 Classification

The Company classifies its financial assets, upon initial recognition, in the following categories: at fair value through profit or loss, loans and receivables, available for sale and held to maturity. The classification depends on the purpose for which the financial assets are acquired.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets in this category are classified as current assets.

Derivatives are also categorized as held for trading unless they are designated as hedges.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The loans and receivables, including the credits and debits of reinsurance and retrocession operations receivable, judicial and fiscal deposits and others, are measured at amortized cost, using the effective interest rate method, less any loss for impairment. They are included in current assets, except for those with maturities more than 12 months after the end of the reporting period, which are classified as non-current assets.

Installment premiums are recorded as premiums receivable in current assets, and written off as installments are paid.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the previous categories. They are included in non-current assets unless management intends to dispose of them within 12 months of the balance sheet date.

(d) Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Company has the intention and capacity to hold to maturity.

2.5.2 Recognition and measurement

Normal purchases and sales of financial assets are typically recognized on the trade date. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statement of income. Financial assets are derecognized when the rights to receive cash flows have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss are presented in the statement of income within "Finance income and costs" in the semester in which they arise.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available for sale are analyzed on the basis of translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences on monetary securities are recognized in profit or loss; translation differences on non-monetary securities are recognized in equity. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognized in equity.

When securities classified as available for sale are sold or become impaired, the accumulated fair value adjustments recognized in equity are included in the statement of income as "Finance income and costs".

Interest on available-for-sale securities is calculated using the effective interest rate method and is recognized in the statement of income as part of other income.

Dividends on financial assets carried at fair value through profit or loss and available-for-sale equity instruments, such as shares, are recognized in the statement of income as part of other income when the Company's right to receive dividends is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.5.3 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount presented in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.5.4 Impairment of financial assets

(a) Assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

(i) significant financial difficulty of the issuer or debtor;

(ii) a breach of contract, such as a default or delinquency in interest or principal payments;

(iii) the Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that a lender would not otherwise consider;

(iv) likelihood of the borrower entering bankruptcy or other financial reorganization;

(v) disappearance of an active market for that financial asset because of financial difficulties; or

(vi) observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets compared with the initial recognition of those assets, even if the decrease cannot yet be identified with the individual financial assets in the portfolio, including national or local economic conditions that correlate with defaults on the assets in the portfolio.

The amount of any impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the statement of income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the loss previously recorded is recognized in the statement of income.

(b) Assets classified as available for sale

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. For debt securities, the Group uses the criteria referred to in (a) above. In the case of investments in equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition costs and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from equity and recognized in the statement of income. Impairment losses on equity instruments recognized in the statement of income are not reversed through the statement of income. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the statement of income.

2.6 Classification of reinsurance agreements

The Reinsurer's agreements are classified, at the beginning of the risk coverage, for the purposes of accounting, as reinsurance agreements. A contract is classified as a reinsurance agreement and maintains this classification until all the related rights and obligations are extinguished or expired. A reinsurance agreement is a contract under which the reinsurer accepts a significant insurance risk from another party (reinsurer or insurer), agreeing to indemnify the other party if a specific future and uncertain insured event, adversely affects the other party.

Accordingly, a reinsurance agreement is classified as insurance contract, since it is defined as a transaction in which the reinsurer accepts a significant insurance risk from another party, agreeing to indemnify the other party in the case the latter is adversely affected by a specific future and uncertain insured event.

2.7 Intangible assets

(a) Intangible assets separately acquired

Defined useful life intangible assets are recorded at cost, less amortization and accumulated losses for impairment. The amortization is recognized on a straight-line basis based on the asset's estimated useful life. The estimated useful life and the amortization method are reviewed at the end of each year and the effect of any changes in the estimates is prospectively accounted for. Undefined useful life intangible assets that are acquired separately are recorded at cost, less accumulated losses for impairment, and are not amortized.

(b) Write-off of intangible assets

An intangible asset is written off when sold or when there is no future economic benefit arising from its use or sale. The gains or losses arising from the write-off of an intangible asset, measured as the difference between net revenue from the sale and the asset's carrying value, are recognized in the result when the asset is written off.

2.8 Property and equipment

Property and equipment for own use

Property and equipment for own use comprise real estate for own use, equipment, furniture, machinery and fixtures, and vehicles used in the Reinsurer's business operations. Property and equipment for own use is usually stated at historical cost. Real estate for own use (land and buildings) is stated at historical cost re-evaluated on December 31, 2004 based on the opinions of independent experts. In accordance with the CPC (R1), no new reassessments are carried out.

The historical cost of property and equipment comprises expenditure that is directly attributable to the acquisition of the capitalized items and to maintain them in usable condition.

Subsequent expenditure is included in the carrying value of the property and equipment or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated to the asset will flow to the Reinsurer and the asset's cost may be reliably reevaluated.

Land is not depreciated. The depreciation of other assets is calculated using the straight-line method to allocate their costs to their residual values during the estimated useful life, as follows:

	Depreciation rate (p.a.) - %	Years
Buildings	4	25
Furniture and fixtures	10	10
Computer equipment	20	5
Vehicles	20	5

he assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each balance date. The carrying value of an item of property and equipment is immediately written off on a full or partial basis if the asset's recoverable value is lower than its carrying value.

2.9 Real estate properties for investment

The Reinsurer owns 100% of the controlling interest of IRB Investimentos e Participações Imobiliárias S.A., which owns certain commercial properties, which are leased to third parties under contracts classified as operating lease contracts, according to CPC 06 (R1). The Reinsurer uses the depreciated cost model (cost method according to CPC 28) to assess such assets.

Real estate assets for investment of its subsidiary are depreciated using the straight-line method, based on the estimated useful life of the asset. The majority of rental agreements have a three-year renewal option, and the rental prices are readjusted by the Market General Price Index (IGP-M)/FGV.

2.10 Impairment of non-financial assets

Non-financial assets (including intangible assets) are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized in the result for the year as the difference between the carrying value and the recoverable value. The recoverable amount is defined by the CPC as the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which the Reinsurer is able to identify individual cash flows generated by the assets, defined as cash-generating units.

2.11 Reserves

(a) Technical reserves

- The unearned premium reserve for risks in force issued (PPNG-RVE) includes the part of the premiums issued in the period corresponding to the risks not arising from the agreements. Its objective is to cover future costs, among them, claims that will be paid by IRB Brasil RE and it is operationally determined according to the expected exposure for each agreement. To complement this reserve, the unearned premium reserve for risk in force not issued is constituted, calculated based on actuarial estimates of the risks in force agreements for which have not been issued yet, and this amount is determined based on the actuarial methodology described in actuarial technical note.

- The claims outstanding reserve (PSL) is constituted by the estimate of the amount to indemnify indicated in the loss reports received from the reinsurers and insurers and it is periodically adjusted based on the analyses carried out by the operation areas. The claims outstanding reserve also reflects incurred but not sufficiently reported claims, described below.

- The reserve for incurred but not sufficiently reported claims (IBNER), which relates to the local and overseas operations, is made up based on actuarial assumptions defined in the technical note and/or independent actuarial reports, for coverage of the reported claims outstanding, at the calculation base date, the amounts of which may be changed during the process up to final settlement at the calculation base date.

- The incurred but not reported claims reserve (IBNR), which relates to local and overseas operations, is made up based on actuarial assumptions defined in the technical note and/or independent actuarial reports.

- The technical surplus reserve is made up to ensure the amounts for the distribution of surplus arising from technical surplus in the agreements operations.

- The related expenses reserve (PDR) relates to the expenses of settling claims and the coverage complementary reserve (PCC), which is made up when the Company's total liabilities are considered insufficient in the liabilities adequacy test (LAT).

(b) Liability adequacy test - LAT

The LAT is an economic test of the amount accounted for in the Company's liabilities and its objective is to capture possible deficiencies in the amounts of the liabilities arising from reinsurance agreements, in line with the requirements of CPC 11.

In order to carry out the test, current estimates of gross retrocession cash flows must be compared with the sum of the book balance of technical reserves on the calculation base date, less the deferred acquisition costs and intangible assets directly related to the technical reserves. If insufficiency is observed, it must be recognized in the PCC.

Cash flows are separated in groups of lines, according to their similarities, considering whether the agreements are in local or foreign currency, observing the divisions between registered and future premiums and past and future claims.

To determine the present value of the estimated cash flows, the financial discount obtained through the Svensson model for the fixed IPCA coupon curves and foreign exchange coupon was used.

The Svensson model is usually used in the economic market to estimate interest curves. This model represents an extrapolation of the Nelson and Siegel model plus a new exponential component to the forward rates, considering two additional parameters.

The assumption of deduction of the difference between the market value and the value accounted for of the securities classified as held to maturity, linked to ensure the technical reserves, was not used.

The test carried out for June 30, 2016 presented no insufficiency.

IRB Brasil RE periodically reviews its loss ratio, combined index and liability adequacy test in order to maintain the technical actuarial balance of its agreements.

(c) Judicial reserves, contingent assets and liabilities

Legal reserves of a civil, labor, social security and tax nature that are subject to court litigation are periodically reassessed and are accounted for based on the opinions issued by the Company's legal department, by independent legal consultants and by the management on the probable outcome of lawsuits on the balance sheet date. Legal reserves of a civil and operational nature that are subject to court litigation are estimated and accounted for based on specific percentages, which are calculated based on the historical analysis of the corresponding lawsuits, which considers the relation of amounts spent with closed lawsuits by positive outcome, court agreement or court sentence and their corresponding estimates of risk exposures. The percentages of loss probability are applied to the civil contingencies that exist on the closing date of the consolidated financial statements.

Legal reserves of a labor, social security and tax nature are accounted for under "Other Contingent Liabilities", in non-current liabilities. Civil contingencies are accounted for under "Claims outstanding" in current liabilities. The estimated loss amounts of the civil and labor contingencies are updated according to update criteria and interest that is historically attributed to the suits, considering their nature and court where the suit is being assessed.

The estimated loss amounts of tax and social security contingencies are updated by the Selic rate. The corresponding judicial deposits, when required, are accounted for under "Judicial and tax deposits" in non-currents assets and updated by the Selic rate. Contingent assets are periodically assessed to ensure that the developments are appropriately reflected in the parent company and consolidated financial statements. If it is virtually certain that economic benefits will occur, the asset and corresponding gain are recognized in the consolidated financial statements for the period in which the estimate change occurs. If it is probable that the economic benefit will occur, the Company discloses the contingent assets.

2.12 Deferred and current income tax and social security

The reserve for income tax and social security is based on the taxable income for the period. The taxable income differs from the profit presented in the statements of income because it excludes the expenses and revenue taxable or deductible in other years, and it also excludes non-taxable or not permanently deductible items.

The reserve for income tax and social security is individually calculated based on the tax rates in force at the end of the semester.

Deferred income tax and social security ("deferred tax") are recognized at the end of each year on the temporary differences between the assets and liabilities balance recognized in the consolidated financial statements and the corresponding tax bases used in the determination of the taxable income, including tax losses, when applicable. The deferred taxes liabilities are usually recognized on all the taxable temporary differences and the deferred tax assets are recognized on all the deductible temporary differences, only when it is probable that the Company will earn sufficient future taxable income that these deductible temporary differences can be used.

The recovery of the balance of the deferred tax assets is reviewed at the end of each year and, when it is not probable that future taxable income will be available to allow the recovery of all assets, or part of them, the assets balance is adjusted by the amount expected to be recovered.

Deferred tax assets and liabilities are measured by the rates applicable in the period in which the settlement of the liability or the realization of the asset is expected, based on the rates provided by the tax law effective at the end of each year, or when a new law has been substantially approved (currently 25% for income tax and 15% for social contribution). The measurement of the deferred tax assets and liabilities reflects the tax consequences that would result from the manner in which the Company expects, at the end of each year, to recover or to settle the carrying value of these assets and liabilities.

2.13 Benefits to employees

(a) Retirement obligations

In the case of retirement plans with defined benefits, the cost of the granting of the benefits is determined by the projected unit credit method based on annual actuarial evaluation at the end of each year. The cost of past services is immediately recognized, as the benefits will have already been granted, or amortized by the straight-line method for the average period until the benefits have been acquired.

The obligations connected with retirement benefits, when recognized in the balance sheet, represent the present value of the obligation, adjusted by actuarial gains and losses and by the cost of past services that have not been recognized, less the fair value of the plan's assets.

(b) Other post-employment obligations

The Company offers a contributory health plan for employees hired up to October 1, 2013, with outpatient and inpatient coverage and dental care coverage. The plan provides lifetime or temporary maintenance, as established by the applicable legislation. The expected costs of these benefits are accrued during the employment period using the same accounting methodology to be used for the pension plans with defined benefits. The actuarial gains and losses generated from adjustments based on experience and on changes of actuarial assumptions are immediately recognized in equity, as established by CPC 33 and IAS 19. These obligations are evaluated by qualified independent actuaries.

2.14 Share capital

Common shares are classified as equity.

The incremental costs directly attributable to the issue of new shares or options are stated in equity as a deduction of the raised value, net of taxes.

When any entity that holds shares in IRB Brasil RE purchases its own equity shares in the Company (treasury shares), the value paid, including any additional costs directly incurred (net of income tax) is deducted from the equity to be assigned to the Company's shareholders, until the shares are canceled or reissued. When these shares are subsequently reissued, any value received, net of any additional transaction costs directly incurred and the respective income tax and social contribution effects is included in the equity to be assigned to the Company's shareholders.

2.15 Dividends

A dividend distribution proposal made by the Company's management, which is below the minimum mandatory dividend is recorded as a liability under "Obligations payable" because it is considered as a legal obligation provided by the Company's bylaws; however, a dividend installment that is higher than the minimum mandatory dividend, declared by the management after the financial period to which the consolidated financial statements refer, but before the approval by the shareholders at a general meeting, is registered under "Proposal of additional dividend distribution" in equity.

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of business. Revenue is shown net of cancellations.

The Reinsurer recognizes revenue when its value can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each one of the activities described below. IRB Brasil RE bases its estimates on historical results, taking into consideration the kind of client and transaction and the specifications of each operation.

(a) Reinsurance premiums

Reinsurance premiums are accounted for as premiums issued as from their acceptance. Reinsurance premiums related to effective risks, but whose reinsurance premiums had not been issued yet, are calculated on an actuarial basis.

In the case of facultative reinsurance agreements, the premium issued is the amount agreed upon by the parties to ensure the reinsurance coverage, in the installments agreed by the reinsurer, for the risk term.

In the case of automatic reinsurance agreements, the premium issued is as follows:

- Non-proportional reinsurance agreements - the premium issued is the amount agreed upon by the parties to ensure the reinsurance coverage, in the installments agreed by the reinsurer, for the reinsurance agreement term.

- Proportional agreements - the premium issued is the premium amount estimated by the cedant for all the policies that will be covered by the reinsurance agreement during its effective period. This estimate is proportional to the reinsurer share and weighted by a performance percentage established based on the reinsurer's experience. These premiums are adjusted whenever the accountability is forwarded by the cedant, usually on a three-month basis.

(b) Dividends and interest income

Dividend income is recognized when the shareholder's right to receive the dividends is established (since it is probable that the future economic benefits will flow to the Reinsurer and the revenue amount can be reliably measured).

Interest income is recognized when it is probable that the future economic benefits will flow to the Reinsurer and the revenue amount can be reliably measured. Interest income is recognized by the straight-line method based on the time and effective interest rate on the principal outstanding amount, with the effective interest rate being the one that discounts the receipts of future cash estimated during the estimated life of the financial asset in relation to the initial net carrying value of this asset.

2.17 Expenses of claims and commission

The expenses of claims are accounted for on an accrual basis and determined based on concepts and assumptions defined in the actuarial technical note, as described in Note 2.11(a).

Commission is deferred and amortized, except in the case of operations involving incurred risks, the commission of which is directly recorded in the results for the year, based on the term of the reinsurance agreement. Commission concerning effective risks, the reinsurance premiums of which have not been issued yet, are calculated on an actuarial basis.

2.18 Statement of comprehensive income

The statements of comprehensive income are presented separately, being comprised of revenue and expense items (including reclassification adjustments) which are not recognized in the statements of income, as required by the CPC. They are presented considering whether or not they have potential to be subsequently reclassified to the result.

2.19 New standards, amendments and interpretations to existing standards that are not yet effective

The following new standards and interpretations to existing standards have been issued by IASB but are not effective for the year ended 2015:

IFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014 and is effective as from January 1, 2018. It replaces the orientation included in IAS 39 related to the classification and measurement of financial instruments. The main amendments brought by IFRS 9 are: (i) new criteria for the classification of financial assets; (ii) new impairment model for financial assets, which is hybrid of expected and incurred losses, replacing the current model of incurred losses; and (iii) relaxation of the requirements for adoption of the hedge accounting. Management is assessing IFRS 9's full impact.

The Company is yet to assess IFRS 9's full impact. The standard is applicable from January 1, 2018.

IFRS 15 - "Revenue from contracts with customers" This new standard introduces the principles to be applied by an entity to determine the measure and recognition of revenue. Effective date is January 1, 2018 and it replaces IAS 11 - "Construction Contracts", IAS 18 - "Revenue" and related interpretations. The Company is yet to assess IFRS 15's full impact. The standard is applicable from January 1, 2018.

IFRS 16 - "Leases" – the new standard requires lessees to recognize the liability of the future payments and the right of use of the leased asset for virtually all lease contracts, including operating leases. Certain short-term and low-value contracts may be out of the scope of this new standard. The criteria for recognition and measurement of leases in the financial statements of the lessors are substantially maintained. IFRS 16 is effective for years beginning on or after January 1, 2019 and replaces IAS 17 – "Leases" and corresponding interpretations. The Company is yet to assess IFRS 16's full impact.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company's consolidated financial statements.

3 Critical accounting estimates and judgments

Accounting policies are important to demonstrate the financial condition and the results. Some of those policies require more subjective or complex judgments by management, frequently as a result of the need for estimates that impact on inherently uncertain subjects.

As the number of variables and assumptions that affect the future possible realization of these uncertainties increases, these judgments become even more subjective and complex.

In elaborating the Parent Company and consolidated financial statements, the Reinsurer has adopted variables and assumptions based on its historical experience and many other factors that it understands as reasonable and relevant. Significant items whose values are determined based on estimates include: marketable securities evaluated at their market value and reserves for adjusting assets to their realization or recovery value; revenue from premiums and corresponding commercialization expenses relating to the effective risks the respective insurance policies of which have not been issued yet, as well as reserves that involve values under legal dispute.

We mainly highlight the use of estimates in the evaluation of reinsurance liabilities, described in item (a) below, the estimates and judgments used in the evaluation of the reserves for tax, civil and labor contingencies, described in item (b) below, the estimates used to calculate the impairment of financial assets, described in item (c) below, the estimates of financial instruments' fair value, described in item (d) below and the estimates and judgments used in the determination of retirement benefits, described in item (e) below.

Changes or differences in these assumptions may impact on the current estimates and judgments. These estimates and assumptions are periodically reviewed. The review of the accounting estimates is recognized in the year in which the estimates are being reviewed, as well as in any future periods affected.

(a) Estimates and judgments used in the evaluation of reinsurance liabilities

The estimates used in the constitution of the Reinsurer's reinsurance liabilities represent the areas in which the Reinsurer applies critical accounting judgements in the preparation of the consolidated financial statements according to CPC. There are several uncertainty sources that need to be considered in the estimate of the liabilities the Reinsurer will ultimately settle. The sensitivity analysis regarding this critical estimate is given in Note 4.3.3 and the assumptions used are indicated below.

With regard to the LAT, the assumptions considered as critical in this study are the term structure of interest rates used to discount the current estimates of the cash flows at present value and the loss ratio estimates used for the flows of claims to be incurred.

The Reinsurer uses all the available internal and external information sources, past experience and indicators to define the actuarial assumptions and best estimate the loss settlement amount for agreements the reinsured events of which have already occurred. Consequently, the amounts provided may differ from the amounts effectively settled on future dates for these obligations.

(b) Estimates and judgments used in the evaluation of provision for tax, civil and labor contingencies

The Reinsurer is party to open labor, tax and civil lawsuits at the date of the elaboration of the financial statements. In determining and recording accounting estimates, the Reinsurer takes as the basis the opinion of its legal advisors in each area, the evolution of the lawsuits and judgment status in each specific case. The Reinsurer also uses its best judgment in these cases.

(c) Estimates used to calculate impairment of financial assets

The Reinsurer applies the recoverability analysis rules for financial assets measured at amortized cost. In this area, the Reinsurer applies a high degree of judgment to determine the level of uncertainty associated with the realization of the estimated contractual flows of the financial assets, mainly premiums receivable.

The Reinsurer follows the guidance of CPC 38 (IAS 39) to determine when a financial asset available for sale is impaired. This determination requires significant judgment. For this judgment, the Reinsurer evaluates, among other factors, the duration of the time when and the proportion in which the fair value of an investment is lower than its cost, the counterparty's financial health and short-term business perspective, including factors such as the performance of the sector and of the segment and operating and financing cash flows.

(d) Estimate of fair value of financial instruments

As described in Note 4.9, the fair values of quoted financial instruments are based on current bid prices. For financial assets with no active market or public quotation, the fair value is established through evaluation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and the pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs. Note 6 offers detailed information on the main assumptions used in the determination of the fair value of the financial instruments, as well as the sensitivity analysis of these assumptions.

(e) Estimates and judgments in determining retirement benefits

The cost of retirement plans with post-employment benefits defined and the present value of the retirement obligation are determined using actuarial evaluation methods. The actuarial evaluation

involves the use of assumptions on discount rates, the expected rate of returned assets, future salary increases, mortality rates, disabled retirees and future increases of retirement and the uptake of pension plans. The defined benefit obligation is highly sensitive to changes in these assumptions. All the assumptions are reviewed at the end each year. In determining the appropriate discount rate, management considers interest rates with no risk. The mortality rate is based on mortality tables available in the country. Future increases in salaries and retirement and pension benefits are based on future inflation rates expected for the country. The sensitivity analysis relating to this critical estimate is disclosed in Note 25, as well as more details on the assumptions used.

4 Risk management

The risk management in IRB Brasil RE is considered essential to optimum capital use and the maximization business opportunities, in order to obtain the best risk/return for shareholders. In order to reinforce the emphasis given to risk management within the organizational context, in the first quarter of 2014 the Vice-Presidency of Risks and Compliance, to which Corporate Risk Management and Compliance Management are subordinated, was established, to take responsibility for the management of risks in IRB Brasil RE. However, the Executive Board, the Administrative Board, the Risk Management Committee and of other advisory and deliberative bodies maintain their commitment risk management within the Company.

After a fourth review, in December 2015, the classification A- (excellent), with stable bias, was confirmed by the rating agency A.M. Best, headquartered in the USA, which reflects, according to their opinion, capitalization adequate to the Company's risk.

4.1 Main types of risk

Corporate risk comprises the following risk categories: operating, underwriting, market and liquidity, which in their turn are comprised of many subcategories. The Company understands that these categories represent its main forms of exposure, but they are not exhaustive.

4.2 Operating risks

In terms of operating risks, a business continuity management program has been developed and implemented, comprising plans that address scenarios in which operations are disrupted and the return to normality, maintaining service levels previously agreed upon. Regarding processes, the second cycle of the operating risk management program has been carried out, and has started to identify, assess, deal with and report potential threats to operations.

4.3 Underwriting risks

Underwriting risk arises from the variations that may arise both from internal and external factors, which contradict the Reinsurer's expectations in relation to actuarial and financial assumptions adopted in pricing the reinsurance agreements and in the constitution of technical reserves.

One of the techniques available to mitigate and control the underwriting risk is the transfer of risks through retrocession. Like reinsurance, retrocession may cover a group of businesses or just specific risks (also called facultative). Currently, IRB Brasil RE has retrocession programs that cover the line groups where there is more exposure, in order to stabilize the results and to limit claims, as well as to expand its capacity to accept strategic businesses. For specific cases, it discretionary retrocessions may be used, which are analyzed individually. Due to the nature of the transfer of risk, the retrocession operations imply an underlying credit risk, which is dealt with as described in Note 4.5.

4.3.1 Monitoring of reinsurance liabilities by business line

The Company calculates its technical reserves according to the Standards of the CNSP. The gross liabilities, i.e. PSL, reserve for claims incurred but not reported (IBNR), reserve for claims incurred but not sufficiently reported (IBNER), reserve for technical surplus (PET), reserve for earned premiums (PPNG), and PDR and their respective retrocession assets by business line are as follows:

	Reinsurance		Retrocession	
Line groups	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Property	3,105,161	3,361,049	(1,656,308)	(1,887,700)
Special risks	342,199	645,634	(231,320)	(470,335)
Casualty	706,803	686,881	(306,023)	(304,393)
Hull	619,301	672,707	(524,410)	(559,666)
Motor	246,087	251,306	(7,030)	(6,295)
Cargo	379,224	413,570	(200,999)	(243,290)
Financial risks	648,648	710,635	(287,587)	(367,277)
Credit	22,872	37,515	(16,241)	(27,715)
Life	169,360	203,075	(48,032)	(38,980)
Mortgage	46,453	52,307	(10,470)	(270)
Agriculture	577,945	442,205	(26,955)	(44,316)
Marine	155,780	176,366	(28,065)	(39,859)
Aviation	423,310	338,119	(261,303)	(166,654)
Run-off London Branch	169,637	217,661	-	-
Others	890,319	881,856	(73,570)	(56,005)
Total	**8,503,099**	**9,090,886**	**(3,678,313)**	**(4,212,755)**

	Reinsurance		Retrocession	
Line groups	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Property	3,105,161	3,361,049	(1,656,307)	(1,887,700)
Special risks	342,199	645,634	(231,320)	(470,335)
Casualty	706,803	686,881	(306,023)	(304,393)
Hull	619,301	672,707	(524,410)	(559,666)
Motor	246,087	251,306	(7,030)	(6,295)
Cargo	379,224	413,570	(200,999)	(243,290)
Financial risks	648,648	710,635	(287,587)	(367,277)
Credit	22,872	37,515	(16,241)	(27,715)
Life	169,360	203,075	(48,032)	(38,980)
Mortgage	46,453	52,307	(10,470)	(270)
Agriculture	577,945	442,205	(26,955)	(44,316)
Marine	155,780	176,366	(28,065)	(39,859)
Aviation	423,310	338,119	(261,303)	(166,654)
Run-off London Branch	169,637	217,661	-	-
Others	925,518	926,619	(108,308)	(97,830)
Total	**8,538,298**	**9,135,649**	**(3,713,050)**	**(4,254,580)**

The nature of the reinsurance operations implies that the reinsurer receives the greater parcel of the information from the assignors in an aggregated way, usually with access to individualized data only on facultative businesses. Therefore, due to the lack of complete information regarding the geographical region, and following the guidance of SUSEP letter Circular No. 517/2015, it is not appropriate to disclose risk concentration by geographical area.

4.3.2 Evolution of losses

The evolution of the Company's losses, by underwriting year, is shown in the tables below.

Gross Retrocession Losses

- **Retrocession gross**

	June 30, 2016							
	Parent Company							
Underwriting year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Losses incurred in the year	340,142	200,595	342,520	1,107,829	293,187	656,095	110,273	
One year later	845,278	516,906	975,304	1,362,435	1,331,605	1,463,700		
Two years later	750,949	765,358	1,813,805	2,039,277	1,610,865			
Three years later	682,091	1,028,917	2,005,247	2,028,367				
Four years later	838,675	972,769	2,015,014					
Five years later	815,800	1,032,235						
Six years later	818,401							
Current estimate of accumulated losses	818,401	1,032,235	2,015,014	2,028,367	1,610,865	1,463,700	110,273	9,078,855
Accumulated payments up to the base date	(728,691)	(772,413)	(1,630,529)	(1,639,258)	(1,057,941)	(400,799)	(22,084)	(6,251,715)
Liabilities recognized in the balance sheet	**89,710**	**259,822**	**384,485**	**389,109**	**552,924**	**1,062,901**	**88,189**	**2,827,140**
Liabilities in relation to years previous to 2010								2,283,074
IBNER								335,487
Total liabilities included in the balance sheet								**5,445,701**

	December 31, 2015							
	Parent Company							
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Losses incurred in the year	738,882	340,142	200,595	342,520	1,107,829	293,187	656,095	
One year later	1,241,026	845,278	516,906	975,304	1,362,435	1,331,605		
Two years later	1,374,800	750,949	765,358	1,813,805	2,039,277			
Three years later	1,433,714	682,091	1,028,917	2,005,247				
Four years later	1,391,459	838,675	972,769					
Five years later	1,396,592	815,800						
Six years later	1,398,616							
Current estimate of accumulated losses	1,398,616	815,800	972,769	2,005,247	2,039,277	1,331,605	656,095	9,219,408
Accumulated payments up to the base date	(1,300,853)	(717,082)	(736,838)	(1,569,578)	(1,390,356)	(665,001)	(103,756)	(6,483,464)
Liabilities recognized in the balance sheet	**97,763**	**98,718**	**235,931**	**435,669**	**648,921**	**666,604**	**552,339**	**2,735,945**
Liabilities in relation to years previous to 2009								2,830,867
IBNER								355,501
Total liabilities included in the balance sheet								**5,922,313**

	June30, 2016							
	Consolidated							
Underwriting year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Losses incurred in the year	340,142	200,595	342,520	1,107,829	293,187	656,095	110,273	
One year later	845,278	516,906	975,304	1,362,435	1,331,605	1,463,700		
Two years later	750,949	765,358	1,813,805	2,039,277	1,610,865			
Three years later	682,091	1,028,917	2,005,247	2,028,367				
Four years later	838,675	972,769	2,015,014					
Five years later	815,800	1,032,235						
Six years later	818,401							
Current estimate of accumulated losses	818,401	1,032,235	2,015,014	2,028,367	1,610,865	1,463,700	110,273	9,078,855
Accumulated payments up to the base date	(728,691)	(772,413)	(1,630,529)	(1,639,258)	(1,057,941)	(400,799)	(22,084)	(6,251,715)
Liabilities recognized in the balance sheet	**89,710**	**259,822**	**384,485**	**389,109**	**552,924**	**1,062,901**	**88,189**	**2,827,140**
Liabilities in relation to years previous to 2008								2,283,541
IBNER								335,487
Total liabilities included in the balance sheet								**5,446,168**

	December 31, 2015							
	Consolidated							
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Losses incurred in the year	738,882	340,142	200,595	342,520	1,107,829	293,187	656,095	
One year later	1,241,026	845,278	516,906	975,304	1,362,435	1,331,605		
Two years later	1,374,800	750,949	765,358	1,813,805	2,039,277			
Three years later	1,433,714	682,091	1,028,917	2,005,247				
Four years later	1,391,459	838,675	972,769					
Five years later	1,396,592	815,800						
Six years later	1,398,616							
Current estimate of accumulated losses	1,398,616	815,800	972,769	2,005,247	2,039,277	1,331,605	656,095	9,219,408
Accumulated payments up to the base date	(1,300,853)	(717,082)	(736,838)	(1,569,578)	(1,390,356)	(665,001)	(103,756)	(6,483,464)
Liabilities recognized in the balance sheet	**97,763**	**98,718**	**235,931**	**435,669**	**648,921**	**666,604**	**552,339**	**2,735,945**
Liabilities in relation to years previous to 2009								2,831,888
IBNER								355,501
Total liabilities included in the balance sheet								**5,923,334**

	June 30, 2016							
	Parent Company							
Underwriting year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Losses incurred in the year	257,280	146,828	212,493	713,804	194,043	325,364	101,364	
One year later	648,986	283,846	588,287	802,663	981,979	856,596		
Two years later	550,314	346,747	916,994	1,133,787	1,146,029			
Three years later	471,303	589,538	1,016,375	1,189,829				
Four years later	579,850	574,959	1,025,595					
Five years later	559,104	581,122						
Six years later	561,486							
Current estimate of accumulated losses	561,486	581,122	1,025,595	1,189,829	1,146,029	856,596	101,364	5,462,021
Accumulated payments up to the base date	(513,399)	(444,819)	(831,495)	(1,008,627)	(811,732)	(301,646)	(20,886)	(3,932,604)
Liabilities recognized in the balance sheet	**48,087**	**136,303**	**194,100**	**181,202**	**334,297**	**554,950**	**80,478**	**1,529,417**
Liabilities in relation to years previous to 2010								1,260,790
IBNER								224,701
Total liabilities included in the balance sheet								**3,014,908**

	December 31, 2015							
	Parent Company							
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Losses incurred in the year	458,107	257,280	146,828	212,493	713,804	194,043	325,364	
One year later	835,580	648,986	283,846	588,287	802,663	981,979		
Two years later	1,051,953	550,314	346,747	916,994	1,133,787			
Three years later	1,052,361	471,303	589,538	1,016,375				
Four years later	1,011,430	579,850	574,959					
Five years later	1,056,507	559,104						
Six years later	1,057,876							
Current estimate of accumulated losses	1,057,876	559,104	574,959	1,016,375	1,133,787	981,979	325,364	5,649,444
Accumulated payments up to the base date	(972,799)	(511,132)	(443,267)	(795,880)	(886,031)	(528,145)	(76,636)	(4,213,890)
Liabilities recognized in the balance sheet	**85,077**	**47,972**	**131,692**	**220,495**	**247,756**	**453,834**	**248,728**	**1,435,554**
Liabilities in relation to years previous to 2009								1,311,122
IBNER								230,399
Total liabilities included in the balance sheet								**2,977,075**

	June 30, 2016							
	Consolidated							
Underwriting year	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**Total**
Losses incurred in the year	257,280	146,828	212,493	713,804	194,043	325,364	101,364	
One year later	648,986	283,846	588,287	802,663	981,979	856,596		
Two years later	550,314	346,747	916,994	1,133,787	1,146,029			
Three years later	471,303	589,538	1,016,375	1,189,829				
Four years later	579,850	574,959	1,025,595					
Five years later	559,104	581,122						
Six years later	561,486							
Current estimate of accumulated losses	561,486	581,122	1,025,595	1,189,829	1,146,029	856,596	101,364	5,462,021
Accumulated payments up to the base date	(513,399)	(444,819)	(831,495)	(1,008,627)	(811,732)	(301,646)	(20,886)	(3,932,604)
Liabilities recognized in the balance sheet	**48,087**	**136,303**	**194,100**	**181,202**	**334,297**	**554,950**	**80,478**	**1,529,417**
Liabilities in relation to years previous to 2010								1,261,249
IBNER								224,701
Total liabilities included in the balance sheet								**3,015,367**

	December 31, 2015							
	Consolidated							
Underwriting year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**Total**
Losses incurred in the year	458,107	257,280	146,828	212,493	713,804	194,043	325,364	
One year later	835,580	648,986	283,846	588,287	802,663	981,979		
Two years later	1,051,953	550,314	346,747	916,994	1,133,787			
Three years later	1,052,361	471,303	589,538	1,016,375				
Four years later	1,011,430	579,850	574,959					
Five years later	1,056,507	559,104						
Six years later	1,057,876							
Current estimate of accumulated losses	1,057,876	559,104	574,959	1,016,375	1,133,787	981,979	325,364	5,649,444
Accumulated payments up to the base date	(972,799)	(511,132)	(443,267)	(795,880)	(886,031)	(528,145)	(76,636)	(4,213,890)
Liabilities recognized in the balance sheet	**85,077**	**47,972**	**131,692**	**220,495**	**247,756**	**453,834**	**248,728**	**1,435,554**
Liabilities in relation to years previous to 2008								1,270,318
IBNER								230,399
Total liabilities included in the balance sheet								**2,936,271**

4.3.3 Sensitivity analysis

Possible impacts on the results and equity on June 30, 2016, considering a 10% increase in the loss ratio, are as follows:

Gross effects	Impact
Results and equity	(133,145)
Net results (%)	(32.13)
Equity (%)	(4.37)

Net effects	Impact
Results and equity	(103,799)
Net results (%)	(25.05)
Equity (%)	(3.41)

Due to the nature of the operations accepted by IRB Brasil RE, there is no exposure to indexes of translation, mortality or survival rates. Other internal studies show that part of the non-operational liabilities, linked to the post-employment benefits, are indexed to inflation, and are covered by investments in the same indexing securities (NTN-B), thus there is no significant exposure to this index.

4.4 Market risk

Market risk can be defined as the risk arising from changes in the financial market prices and rates, which may reflect a decrease in the value of a security or asset portfolio. The main variables linked to market risk of IRB's investment portfolio are interest rates, foreign exchange rates and the assets' liquidity. The risk management arising from these variables involves different organization units and contemplates a series of guidelines and strategies considered appropriate by the Company's management, and included in its governance policy. Value at Risk (VaR) and construction of stress scenario, aiming at the preventive loss management.

As from January 1, 2015, the Company's management began to monitor the portfolio's market risk using the MSCI's Risk Metrics tool.

4.4.1 VaR analysis

The measurement of market risk, carried out though VaR, estimates the expected maximum loss in a certain period of time and within a specified confidence interval. This measurement considers the effects of risk diversification in total portfolio.

On a historical basis, with a 5% significance level, 252-day mobile observation window and daily returns, the daily VaR of the Reinsurer's asset portfolio, recorded on June 30, 2016, was about R$ 21,000, which represents a maximum estimated loss of 0.34% of the total assets portfolio.

4.4.2 Sensitivity analysis of foreign currencies

The Reinsurer is mainly exposed to the U.S. dollar, but there is also lower exposure to other foreign currencies, such as the pound sterling, euro and Argentine peso.

To analyze the sensitivity to changes in foreign exchange rates (R$/US$), the following scenarios were considered: a probable scenario for the end of 2016, a 25% deterioration (Scenario I) and a 50% deterioration (Scenario II) in relation to the probable scenario rate forecast by the Company. To define the probable scenario the market expectation system of the Central Bank of Brazil was adopted as reference at June 30, 2016, when the estimated foreign exchange rate (R$/US$) for the end of 2016 was 3.47. The asset portfolio's sensitivity to the exchange rate fluctuation is as follows:

	June 30, 2016	Scenario to June 30, 2016		
		Impact (R$ thousand)		
Group	Basis	Probable	Scenario I	Scenario II
Total foreign currency assets	4,158,681	337,120	1,461,071	2,585,021
Total liabilities	(4,176,900)	(338,597)	(1,467,472)	(2,596,346)
Net exposure	(18,219)	(1,477)	(6,401)	(11,325)
Impact (%) in the equity		(0.0)	(0.2)	(0.4)
Impact (%) in the net income		(0.4)	(1.5)	(2.7)

4.4.3 Interest rate sensitivity analysis

The Company is exposed to interest rate risk, considering that it has marketable securities linked to this market risk factor.

To analyze the sensitivity to changes in interest rates the following scenarios were considered: a probable scenario for the end of 2016, a 25% deterioration (Scenario I) and a 50% deterioration (Scenario II) in relation to the curve of the probable scenario forecast by the Company. To define the probable scenario the market expectation system of the Central Bank of Brazil was adopted as reference at June 30, 2016, when the estimated rate for the end of 2016 was 13.26%. The asset portfolio's sensitivity to the interest rate fluctuation is as follows:

	June 30, 2016	Scenario to June 30, 2016		
Group	Basis	Probable	Scenario I	Scenario II
Impact (%)		0.2	(0.6)	(1.4)
Impact (R$ thousand)		14,392	(36,531)	(80,803)
Total portfolio (*)	5,912,203	5,926,594	5,875,672	5,831,399

Consolidated analysis of economic stress tests

The Company´s applied a selection of the main economic stress tests in the world* to the assets, *using* the predictive method, i.e., taking into account the existing correlations between the many risk factors. After the analysis, the conclusion was that the most adverse scenario for the investment portfolio is the Fall 2008, related to the bankruptcy of Lehman Brothers followed by two consecutive cuts in interest rates by the Fed, and the federal takeover of Fannie Mae and Freddie Mac aiming at stabilizing the American mortgage market, giving rise, giving rise to a loss of 2.37% in the portfolio.

* The economic stress test analysis scenarios for the world are: Asian Crisis (1997), Black Monday (1987), Fall 2008 (2008), Gulf War (1990), Mexican Crisis (1995), Rate Rise 94 (1994), Russian Devaluation (1998), Sept 11th (2011),Tech Wreck (2000), WaMu collapse (2008).

Currency future contracts

As part of the Company's investment policy, it is expected that foreign currency exchange protection will be contracted for surplus assets in foreign currency. At the base date of June 30, 2016, the Company did not have forward contracts for currency or any other exchange protection instrument.

4.5 Credit risk

IRB Brasil RE understands that the main source of credit risk is retrocession operations. In order to mitigate this risk, the Company adopted a policy of having retrocession operations with companies that have, at least, half of the ratings' classification they have equal or higher than A- (S&P, Fitch and AM Best) or A3 (Moody's) and evaluates its retrocessionaires through its own system of classification. The Reinsurer's exposure is mitigated by the adoption of retrocession limits for the counterparties, which are reviewed and approved at least annually by the Security Committee. The quality of the retrocession partners of the protection agreements of IRB Brasil RE is as follows:

	% of reinsurers partipating in protection contracts in force			
Rating range (*)	Local	Admitted	Eventual	Total
AA or equivalent		28.35	9.99	38.34
A or equivalent	0.72	24.40	36.11	61.23
Without rating	0.32	0.10	0.01	0.43
	1.04	52.85	46.11	100

* The credit ratings are measured by the agencies: S&P - Standard & Poor's, Moody's, A.M. Best and Fitch

(*) The credit ratings are measured by the agencies: S&P - Standard & Poor's, Moody's, A.M. Best and Fitch.

The credit risk on funds and financial instruments is limited because the counterparties are represented by banks with high credit ratings as evaluated by international agencies. The following techniques are used to control and mitigate the credit risk: establishment of retrocession limits by entity; monitoring of credit risk exposure; follow-up of the changes and trends in the insurance and reinsurance market and the financial market; and preventive loss management.

Exposure to credit risk

The Company is exposed to risk concentration on reinsurance due to the nature of the reinsurance market. The classification of the risk by aging is as follows:

	Parent Company							
	June 30, 2016							
		Overdue and unimpaired assets						
Breakdown of portfolio and accounting category	Unvested and impaired assets	0 to 30 days	31 to 60 days	61 to 120 days	121 to 180 days	More than 180 days	Carrying amount	Carrying amount December 31, 2015
Cash ans cash equivalents	169,388						169,388	13,952
At fair value through profit or loss								
Private	61,307						61,307	43,592
Public	235,125						235,125	277,396
Abroad	548,464						548,464	669,533
Available for sale								
Private	404,970						404,970	168,466
Public	4,028,478						4,028,478	4,435,653
Abroad	379,480						379,480	402,374
Held to maturity								
Private	254,379						254,379	224,661
Public								
Abroad								25,601
Credits on insurer and reinsurer operations	1,478,132	155,766	87,663	95,705	141,647	345,576	2,304,489	2,368,731
Total financail assets and assets of insurance and reinsurance agreements	**7,559,723**	**155,766**	**87,663**	**95,705**	**141,647**	**345,576**	**8,386,080**	**8,629,959**

	Consolidated							
	June 30, 2016							
		Overdue and unimpaired assets						
Breakdown of portfolio and accounting category	Unvested and impaired assets	0 to 30 days	31 to 60 days	61 to 120 days	121 to 180 days	More than 180 days	Carrying amount	Carrying amount December 31, 2015
Cash ans cash equivalents	185,186						185,186	18,277
At fair value through profit or loss								
Private	57,513						57,513	43,841
Public	235,125						235,125	277,549
Abroad	548,464						548,464	669,533
Available for sale								
Private	206,210						206,210	69,411
Public	4,028,478						4,028,478	4,435,669
Abroad	396,882						396,882	424,374
Held to maturity								
Private	254,379						254,379	224,661
Public								
Abroad								25,601
Credits on insurer and reinsurer operations	1,478,132	155,766	87,663	95,705	141,647	346,101	2,305,014	2,368,748
Total financail assets and assets of insurance and reinsurance agreements	**7,390,369**	**155,766**	**87,663**	**95,705**	**141,647**	**346,101**	**8,217,251**	**8,557,664**

4.6 Liquidity risk

Liquidity risk is the risk that the Company, although solvent, will not have resources available to comply with its obligations in good time, or will only be able to comply with them through the sale of assets in unfavorable conditions, implying in financial assets. To manage this risk, the Company allocates a minimum reserve in high-liquidity funds (committed operations backed by federal bonds) to cope with the short-term need for cash. This risk is continuously monitored by the follow-up of the actual and expected cash flows and by the management of the maturity profiles of the financial assets and liabilities over time.

	Parent Company					
	Maturity of the liabilities at June 30, 2016					
	Zero to one year	One to three years	Three to five years	Five to tem years	More than tem years	Carrying amount
Reinsurance liabilities (technical reserves)	**1,881,644**	**3,872,021**	**835,853**	**412,654**	**1,500,927**	**8,503,099**
PSL Total	949,674	2,274,366	574,315	7,126	1,304,731	5,110,212
PPNG RVE	408,490	768,106	30,961	22,280	-	1,229,837
PPNG-EPI	176,467	144,715	-	-	-	321,182
IBNR + IBNER	147,805	641,973	225,984	381,855	186,911	1,584,528
PPNG RVNE	174,280	1,945	-	-	-	176,225
PET	18,129	23,617	-	-	-	41,746
PDR	6,799	17,299	4,593	1,393	9,285	39,369

	Consolidated					
	Maturity of the liabilities at June 30, 2016					
	Zero to one year	One to three years	Three to five years	Five to tem years	More than tem years	Carrying amount
Reinsurance liabilities (technical reserves)	**1,881,644**	**3,872,021**	**835,853**	**412,654**	**1,536,126**	**8,538,298**
PSL Total	949,674	2,274,366	574,315	7,126	1,305,198	5,110,679
PPNG RVE	408,490	768,106	30,961	22,280	-	1,229,837
PPNG-EPI	176,467	144,715	-	-	-	321,182
IBNR + IBNER	147,805	641,973	225,984	381,855	221,643	1,619,260
PPNG RVNE	174,280	1,945	-	-	-	176,225
PET	18,129	23,617	-	-	-	41,746
PDR	6,799	17,299	4,593	1,393	9,285	39,369

4.7 Evaluation techniques and assumptions applied for the purpose of fair value determination

The determination of the fair value of financial assets and liabilities is as follows:

(a) The fair value of financial assets and liabilities that present standard conditions and terms and are negotiated in active markets is determined based on the prices observed in these markets.

(b) The fair value of the derivative instruments is calculated using quoted prices. Exchange futures contracts are measured based on the exchange rates and on the earning curves obtained based on quotations and for the same maturity terms as the contracts.

(c) The fair value of other financial assets and liabilities is determined according to pricing models usually accepted based on the analysis of discounted cash flows.

4.8 Fair value measurements recognized in the balance sheet

The table below offers an analysis of the financial instruments that are measured at fair value after initial recognition, grouped in Levels 1 and 2 based on the fair value observable:

(a) Level 1 fair value measurements are obtained from prices (non-adjusted) quoted in active markets for identical assets and liabilities.

(b) Level 2 fair value measurements are obtained through variables other than the quoted prices included in Level 1, which are observable for the asset or liability directly (i.e. as prices) or indirectly (i.e. based on prices).

(c) Level 3 fair value measurements are obtained through evaluation techniques that include variables for the asset or liability, but are not based on observable market data (non-observable data).

		Parent Company		Consolidated	
		June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Financial assets at fair value through profit or loss					
Financial Treasury Bills	Level 1	237	607	237	607
Committed Operations	Level 1	234,888	276,789	234,888	276,942
Investment Fund Quotas	Level 1	91,418	74,832	98,191	75,077
Variable Income Fund Quotas	Level 1	31,914	43,428	31,914	43,432
Shares Abroad	Level 2	226,568	275,626	226,568	275,626
Shares - Brazilian Corporations	Level 1	18,219		18,219	
Debentures	Level 1	607	409	607	409
Time Deposits Abroad	Level 2	224,990	312,029	224,990	312,029
Sovereign debt securities	Level 1	5,488	6,801	5,488	6,801
Others	Level 2	10,567			
		844,896	**990,521**	**841,102**	**990,923**
Financial assets available-for-sale					
Financial Treasury Bills	Level 1	3,378,732	2,572,790	3,378,732	2,572,790
National Treasury Bills	Level 1	108,402	1,127,107	108,402	1,127,107
National Treasury Notes	Level 1	520,943	590,585	520,943	590,585
Real estate funds	Nivel 1	37,772	39,570	37,772	39,570
Bank deposit certificates	Level 2	9,388	10,815	9,388	10,815
Debentures	Level 1	14,270	18,482	14,270	18,482
Financial Treasury	Level 1	141,109	123,163	141,109	123,163
Committed Operations	Level 1	20,401	22,008	20,401	22,024
Real Estate Investments Fund FII	Level 2	202,451	99,131	3,671	
Fixed Income Fund Quotas	Level 1		468		544
Others	Level 2	(20)			
Sovereign debt securities	Nivel 1	339,513	360,925	339,513	360,925
American Depositary Receipts - ADR	Nivel 1	2,988	2,183	2,988	2,183
Fixed Income Securities Abroad	Nivel 1	36,979	39,266	36,979	39,266
U.S. Treasury securities Obligations of U.S.	Level 1			6,898	6,811
Obligations of U.S. Government corporations and agencies	Level 1			1,040	3,115
Non-U.S. Government	Level 1			229	278
Sec Issued by States & Terr.	Level 1			1,393	
Corporate *securities*	Level 1			6,841	9,467
Short-term investiments	Level 1			1,001	2,329
		4,812,928	**5,006,493**	**4,631,570**	**4,929,454**

4.8.1 Disclosure of the fair value of financial assets held to maturity

	Parent Company and Consolidated			
	June 30, 2016		December 31, 2015	
	Carrying amount	Market value	Carrying amount	Market value
Financial assets held to maturity				
Financial Treasury - Private	240,765	240,765	224,661	224,661
Eurobonds/Term Notes	13,614	13,614	25,601	25,492
	254,379	**254,379**	**250,262**	**250,153**

4.9 Minimum and risk capital

The CNSP, on July 15, 2015, published a new regulation about the calculation of minimum capital required for the authorization and operation of local reinsurers and the calculation of risk capital, based on underwriting, credit, operational and market risks, adjusted equity and regulation and solvency plan, combined with the CNSP Resolution 321/2015, which consolidated all resolutions relating to liquidity and solvency without methodological change.

The effects of these resolutions are as follows:

I Minimum capital required: a capital amount that a local reinsurer shall maintain at all times, in order to be able to operate, being equivalent to the highest amount between the base capital and the risk capital.

II Base capital: a fixed capital amount of R$ 60,000, which a local reinsurer shall maintain, at all times.

III Risk capital: a variable capital amount that a local reinsurer shall maintain at all times in order to be able to ensure the risks inherent to its operations, as provided in specific regulations.

IV Net assets: all the assets accepted by the National Monetary Council up to 100% (in the coverage of technical reserves.

V Liquidity in relation to risk capital: situation featured by the presentation of a total of net assets, higher than the need of coverage of the reserves, 20% (twenty per cent) higher than the risk capital.

4.9.1 Regulatory capital

The calculation carried out by IRB Brasil RE, as provided by the resolutions mentioned, has not identified the need for additional capital investment. On the base date of June 30, 2016, it was observed that the adjusted equity value was higher than the minimum capital amount required.

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Risk capital based on underwriting risk	511.987	619.354
Risk capital based on credit risk	409.294	460.566
Risk capital based on operating risk	34.862	37.282
Benefit of the diversification of risks	(121.777)	(141.317)
Total risk capital	**834.366**	**975.885**
Base capital	60.000	60.000
Minimum capital required	834.366	975.884
Adjusted equity (*)	2.714.847	3.010.331
Sufficiency of adjusted equity	**1.880.481**	**2.034.447**

* Calculation of the adjusted equity

	2015	2014
Equity	3.046.245	3.174.595
Deductions		
Prepaid expenses	(154)	(1.247)
Corporate shares	(175.021)	-
Intangible assets	(61.091)	(63.357)
Rights/obligations of branches abroad	(95.082)	(99.610)
Other deductions	(50)	(50)
Adjusted equity	**2.714.847**	**3.010.331**

4.9.2 Liquidity in relation to risk capital

The calculation of liquidity in relation to the minimum capital required for the base date of June 30, 2015 has not identified the need for IRB Brasil RE to have a higher level of net assets than that necessary to cover the reserves.

	Parent Company	
	June 30, 2016	December 31, 2015
Net assets (*)	**5,114,631**	**5,380,285**
Technical reserves for reinsurance net of reducing assets	(5,399,302)	(5,507,676)
Credit rights	781,615	512,833
Coverage of 20% of risk capital	(166,873)	(195,177)
Sufficiency of liquidity	**330,071**	**190,265**

(*) Financial investments that may be guaranteed by the technical reserves

	Consolidated	
	June 30, 2016	December 31, 2015
Net assets (*)	**5,114,631**	**5,380,285**
Technical reserves for reinsurance net of reducing assets	(5,399,764)	(5,510,614)
Credit rights	781,615	512,833
Coverage of 20% of risk capital	(166,873)	(195,177)
Sufficiency of liquidity	**329,609**	**187,327**

5 Cash and cash equivalents

The balance of this account is as follows:

	Parent Company		Consolidated	
Description	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Cash	6	5	15,804	5
Local bank current account	165,201	2,849	165,201	2,881
Bank current account abroad	4,181	11,098	4,181	15,391
	169,388	**13,952**	**185,186**	**18,277**

6 Financial investments

6.1 Breakdown of the investments

	Parent Company							
	June 30, 2016							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Average interest rate - %	Total
Government Fixed-income Securities								
Financial Treasury Bills (i)			3,343,764	3,340,200			14.25%	3,340,200
National Treasury Bills			109,037	108,402			11.51%	108,402
National Treasury Notes - series B			541,181	520,943			12.89%	520,943
Private Fixed-income Securities								
Debentures	886	607						607
Financial Bills					240,765	240,765	15.05%	240,765
Variable Income Securities								
Shares - Brazilian Corporations	18,774	18,219						18,219
Real Estate Investments Fund Quotas			242,344	240,223			10.42%	240,223
Investment Fund quotas								
Bank Deposit Certificates			9,388	9,388			14.32%	9,388
Debentures			14,330	14,270			15.57%	14,270
Financial Bills			141,523	141,109			14.91%	141,109
Financial Treasury Bills (i)	232	237	38,550	38,532			14.25%	38,769
Repurchase Agreements	233,478	233,477	20,401	20,401			14.14%	253,878
Other	10,689	10,689	(20)	(20)				10,669
Quotas of Equity Security Investment Funds								
Shares - Brazilian Corporations	28,313	31,914						31,914
Financial Treasury Bills								0
Repurchase Agreements	1,411	1,411					14.14%	1,411
Other	(122)	(122)						(122)
	293,661	**296,432**	**4,460,498**	**4,433,448**	**240,765**	**240,765**		**4,970,645**
Investments - Overseas								
Investment Fund quotas								
Not wholly-owned	91,418	91,418						91,418
American Deposits Receipt (ii)			19,283	2,988				2,988
Sovereign Debt Securities (ii)	5,488	5,488	363,734	339,513			5.55%	345,001
Brazilian Corporate Bonds (iii)					13,614	13,614	4.26%	13,614
Fixed-income securities (HSBC)			37,397	36,979			2.23%	36,979
Time Deposits - Overseas (v)	224,990	224,990					4.78%	224,990
Other foreign investments	226,568	226,568						226,568
	548,464	**548,464**	**420,414**	**379,480**	**13,614**	**13,614**		**941,558**
	842,125	**844,896**	**4,880,912**	**4,812,928**	**254,379**	**254,379**		**5,912,203**
%		15%		81%		4%		100%
Current		844,896		234,397		13,614		1,092,907
Non-current				4,578,531		240,765		4,819,296

	Parent Company							
	December 31, 2015							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Average interest rate - %	Total
Government Fixed-income Securities								
Financial Treasury Bills (i)			2,538,572	2,537,937			13.24%	2,537,937
National Treasury Bills			1,131,418	1,127,107			13.26%	1,127,107
National Treasury Notes - series B			627,661	590,585			17.44%	590,585
Private Fixed-income Securities								
Debentures	886	409						409
Financial Bills					224,661	224,661		224,661
Real Estate Investment Fund quotas								
Real Estate Investment Funds			40,044	39,570			8.21%	39,570
Wholly-owned Real Estate Investment Funds								
Real Estate Share in Shopping Malls			99,232	99,131			0.15%	99,131
Fixed-income Fund quotas			544	544			2.63%	544
Other			(58)	(58)				-58
Investment Fund quotas								
Bank Deposit Certificates			10,815	10,815			13.38%	10,815
Debentures			18,442	18,482			14.41%	18,482
Financial Bills			123,679	123,163			13.95%	123,163
Financial Treasury Bills (i)	148	148	34,853	34,853			13.25%	35,001
Repurchase Agreements	274,780	274,780	22,008	22,008			14.22%	296,788
Other	16	16	(18)	(18)				-2
Quotas of Equity Security Investment Funds								
Shares - Brazilian Corporations	46,231	43,428						43,428
Financial Treasury Bills	449	459					13.25%	459
Repurchase Agreements	2,009	2,009					14.14%	2,009
Other	(267)	(261)						-261
	324,252	**320,988**	**4,647,192**	**4,604,119**	**224,661**	**224,661**		**5,149,768**
Investments - Overseas								
Investment Fund quotas								
Not wholly-owned	75,077	75,077					23.68%	75,077
American Deposits Receipt (ii)			23,459	2,183				2,183
Sovereign Debt Securities (ii)	6,801	6,801	457,014	360,925			5.57%	367,726
Brazilian Corporate Bonds (iii)					25,601	25,601	4.29%	25,601
Fixed-income securities (HSBC)			40,537	39,266			2.39%	39,266
Time Deposits - Overseas (v)	312,029	312,029					20.96%	312,029
Other foreign investments	275,626	275,626						275,626
	669,533	**669,533**	**521,010**	**402,374**	**25,601**	**25,601**		**1,097,508**
	993,785	**990,521**	**5,168,202**	**5,006,493**	**250,262**	**250,262**		**6,247,276**
%		16%		80%		4%		100%
Current		990,521		1,049,709	20,481			2,060,711
Non-current				3,956,784	229,781			4,186,565

	Consolidated							
	June 30, 2016							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Average interest rate -	Total
Government Fixed-income Securities								
Financial Treasury Bills (i)			3,343,764	3,340,200			14.25%	3,340,200
National Treasury Bills			109,037	108,402			11.51%	108,402
National Treasury Notes - series B			541,181	520,943			12.89%	520,943
Private Fixed-income Securities								
Debentures	886	607						607
Financial Bills					240,765	240,765	15.05%	240,765
Variable Income Securities								
Shares - Brazilian Corporations	18,774	18,219						18,219
Real Estate Investments Fund Quotas			43,716	41,443				41,443
Investment Fund quotas								
Bank Deposit Certificates			9,388	9,388			14.32%	9,388
Debentures			14,330	14,270			15.57%	14,270
Financial Bills			141,523	141,109			14.91%	141,109
Financial Treasury Bills (i)	232	237	38,550	38,532			14.25%	38,769
Repurchase Agreements	233,478	233,477	20,401	20,401			14.14%	253,878
Not wholly-owned investment fund quotas	6,773	6,773						6,773
Quotas of Equity Security Investment Funds								
Shares - Brazilian Corporations	28,313	31,914						31,914
Financial Treasury Bills								0
Repurchase Agreements	1,411	1,411					14.14%	1,411
	289,867	**292,638**	**4,261,890**	**4,234,688**	**240,765**	**240,765**		**4,768,091**
Investments - Overseas								
Investment Fund quotas								
Not wholly-owned	91,418	91,418						91,418
American Deposits Receipt (ii)			19,283	2,988				2,988
Sovereign Debt Securities (ii)	5,488	5,488	363,734	339,513			5.55%	345,001
Brazilian Corporate Bonds (iii)					13,614	13,614	4.26%	13,614
Fixed-income securities (HSBC)			37,397	36,979			2.23%	36,979
Time Deposits - Overseas (v)	224,990	224,990					4.78%	224,990
Other foreign investments	226,568	226,568						226,568
U.S. Treasury Securities Obligations of U.S.			6,861	6,898				6,898
Obligation of U.S. Government Corporations and Agencies			1,034	1,040				1,040
Non-U.S. Government			227	229				229
Sec Issued by States & Terr.			1,391	1,393				1,393
Corporate Securities			6,783	6,841				6,841
Short-term Investments			1,001	1,001				1,001
	548,464	**548,464**	**437,711**	**396,882**	**13,614**	**13,614**		**958,960**
	838,331	**841,102**	**4,699,601**	**4,631,570**	**254,379**	**254,379**		**5,727,051**
%		**15%**		**81%**		**4%**		**100%**
Current		**841,102**		**238,539**		**13,614**		**1,093,255**
Non-current				**4,393,031**		**240,765**		**4,633,796**

	Consolidated							
	December 31, 2015							
	Fair value through profit or loss		Available for sale		Held to maturity			
	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Marketable security evaluated by the curve	Carrying amount	Average interest rate - %	Total
Government fixed-income securities								
Financial Treasury Bills (i)			2,538,572	2,537,937			13.24%	2,537,937
National Treasury Bills			1,131,418	1,127,107			13.26%	1,127,107
National Treasury Notes - series B			627,661	590,585			17.44%	590,585
								0
Private fixed income securities								
Debentures	886	409						409
Financial bills					224,661	224,661	14.22%	224,661
Real Estate Investment Fund quotas								
Real Estate Investment Funds			40,044	39,570			8.21%	39,570
Fixed-income Fund quotas			544	544			2.63%	544
Investment Fund quotas								
Bank Deposit Certificates			10,815	10,815			13.38%	10,815
Debentures			18,442	18,482			14.41%	18,482
Financial Bills			123,679	123,163			13.95%	123,163
Financial Treasury Bills (i)	148	148	34,853	34,853			13.25%	35,001
Repurchase Agreements	274,810	274,810	22,024	22,024			14.22%	296,834
Quotas of Equity Security Investment Funds								
Shares - Brazilian Corporations	46,230	43,432						43,432
Financial Treasury Bills	449	459					13.25%	459
Repurchase Agreements	2,132	2,132					14.14%	2,132
	324,655	**321,390**	**4,548,052**	**4,505,080**	**224,661**	**224,661**		**5,051,131**
Investments - Overseas								
Investment Fund quotas								
Not wholly-owned	75,077	75,077					23.68%	75,077
American Deposits Receipt (ii)			23,459	2,183				2,183
Sovereign Debt Securities (ii)	6,801	6,801	457,014	360,925			5.57%	367,726
Brazilian Corporate Bonds (iii)					25,601	25,601	4.29%	25,601
Fixed-income securities (HSBC)			40,537	39,266			2.39%	39,266
Time Deposits - Overseas (v)	312,029	312,029					20.96%	312,029
U.S. Treasury Securities Obligations of U.S.			6,811	6,811				6,811
Obligations of U.S. Government Corporations and Agencies			3,115	3,115				3,115
Non-U.S. Government			278	278				278
Corporate Securities			9,467	9,467				9,467
Short-term Investments			2,329	2,329				2,329
Other foreign investments	275,626	275,626						275,626
	669,533	**669,533**	**543,010**	**424,374**	**25,601**	**25,601**		**1,119,508**
	994,188	**990,923**	**5,091,062**	**4,929,454**	**250,262**	**250,262**		**6,170,639**
%		**16%**		**80%**		**4%**		**100%**
Current		**990,923**		**1,054,999**		**20,934**		**2,066,856**
Non-Current				**3,874,455**		**229,328**		**4,103,783**

(i) Financial Treasury Bills

These are government securities of the Brazilian National Treasury that are part of IRB Brasil RE's portfolio. Their income is updated by the Selic rate and the securities are under custody in Banco do Brasil. These securities are adjusted to their market values, obtained through information published by ANBIMA - Brazilian Association of Financial and Capital Market Operators.

(ii) Sovereign Debt Securities and Debts of Brazilian State-owned Companies

These represent fixed-income securities issued abroad, in U.S. dollars, by the Union.

(iii) Brazilian Corporate Bonds

These represent fixed-income securities issued by subsidiaries of Brazilian companies, headquartered abroad. These bonds, denominated in U.S. dollars, are planned for the international market. They are managed by BB Securities in London. In June 2011, the reserve was accounted for at a ratio of 100% of the due and outstanding securities, except in the case of renegotiated securities, due to the fulfillment of financial obligations by the debt holders.

(iv) Corporate Bonds

These are mortgage-backed securities issued by U.S. private companies, based on real estate loans in amount of R$ 54,757. The Company constituted reserve for devaluation because it considers the losses in their value as permanent.

(v) Time Deposits Abroad

These represent investments in time deposits responsibility for which lies with Banco do Brasil S.A. and Bradesco in New York and the maturities of which vary between 12 and 120 days. The origin currencies of these investments are the pound, U.S. dollar and euro.

6.1.1 Opening of investments by type and maturity

	Parent Company				
	June 30, 2016				
	No stated maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair value through profit or loss					
Private Fixed-income Securities					
Debentures	607				607
Variable Income Securities					
Shares - Brazilian Corporations	18,219				18,219
Quotas of Equity Security Investment Funds					
Shares - Brazilian Companies					0
Financial Treasury Bills				237	237
Repurchase Agreements		206,699		26,778	233,477
Other	10,689				10,689
Quotas of Equity Security Investment Funds					
Shares - Brazilian Companies	31,914				31,914
Financial Treasury Bills					0
Repurchase Agreements		1,411			1,411
Other	(122)				(122)
Investments - Overseas					
Not wholly-owned investment fund quotas	91,418				91,418
Sovereign Debt Securities			783	4,705	5,488
Time Deposits - Overseas		224,990			224,990
Other foreign investments	226,568				226,568
	379,293	**433,100**	**783**	**31,720**	**844,896**
Available-for-sale					
Government Fixed-income Securities					
Financial Treasury Bills				3,340,200	3,340,200
National Treasury Notes		29,520		491,423	520,943
National Treasury Bills		108,215	187		108,402
Investment Fund quotas					
Long-term Wholly-owned Investment Fund quotas					
Bank Deposit Certificates		9,388			9,388
Debentures		1,300	2,208	10,762	14,270
Financial Bills		14,857	1,227	125,025	141,109
Financial Treasury Bills		2052		36,480	38,532
Repurchase Agreements		20,401			20,401
Other	(20)				(20)
Real Estate Investment Fund quotas				236,623	
Investments - Overseas					
American Deposits Receipt	2,988				2,988
Sovereign Debt Securities			29,656	309,857	339,513
Fixed-income securities (HSBC)		4,150	4,668	28,161	36,979
	6,568	**189,883**	**37,946**	**4,578,531**	**4,812,928**
Held-to-maturity					
Financial Bills				240,765	240,765
Investments - Overseas					
Brazilian Corporate Bonds			13,614		13,614
			13,614	**240,765**	**254,379**

	Parent Company				
	December 31, 2015				
	No stated maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair value through profit or loss					
Private Fixed-income Securities					
Debentures	409				409
Investment Fund quotas					
Exclusive investment fund quotas					
Financial Treasury Bills				148	148
Repurchase Agreements		268,715		6,065	274,780
Other		16			16
Quotas of Equity Security Investment Funds					
Shares - Brazilian Corporations	43,428				43,428
Financial Treasury Bills				459	459
Repurchase Agreements		2,009			2,009
Other		(261)			(261)
Investments - Overseas					
Not wholly-owned investment fund quotas	75,077				75,077
Sovereign Debt Securities				6,801	6,801
Time Deposits - Overseas		312,029			312,029
Other foreign investments	275,626				275,626
	394,540	**582,508**		**13,473**	**990,521**
Available-for-sale					
Government Fixed-income Securities					
Financial Treasury Bills				2,537,937	2,537,937
National Treasury Notes			28,339	562,246	590,585
National Treasury Bills		434,456	528,359	164,292	1,127,107
Investment Fund quotas					
Long-term Wholly-owned Investment Fund quotas					
Bank Deposit Certificates		2,025	8,790		10,815
Debentures		1,922	1,602	14,958	18,482
Financial Bills			12,165	110,998	123,163
Financial Treasury Bills				34,853	34,853
Repurchase Agreements		22,008			22,008
Other	(18)				(18)
Real Estate Investment Fund quotas					
Real Estate Investment Funds				39,570	39,570
Wholly-owned Real Estate Investment Funds					
Property				99,131	99,131
Fixed-income Fund quotas	544				544
Other	(58)				(58)
Investments - Overseas					
American Deposits Receipt	2,183				2,183
Sovereign Debt Securities				360,925	360,925
Fixed-income securities (HSBC)		2,901	4,491	31,874	39,266
	2,651	**463,312**	**583,746**	**3,956,784**	**5,006,493**
Held-to-maturity					
Private Fixed-income Securities				224,661	224,661
Financial Bills					
Investments - Overseas					
Brazilian Corporate Bonds		14,118	6,363	5,120	25,601
Time Deposits - Overseas					
		14,118	**6,363**	**229,781**	**250,262**

	Consolidated				
	June 30, 2016				
	No stated maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair value through profit or loss					
Private Fixed-income Securities					
Debentures	607				607
Variable Income Securities					
Shares - Brazilian Corporations	18,219				18,219
Quotas of Equity Security Investment Funds					
Shares - Brazilian Companies					
Financial Treasury Bills				237	237
Repurchase Agreements		206,699		26778	233,477
Other	6,773				6,773
					0
Quotas of Equity Security Investment Funds					
Shares - Brazilian Companies	31,914				31,914
Repurchase Agreements		1,411			1,411
Investments - Overseas					
Not wholly-owned investment fund quotas	91,418				91,418
Sovereign Debt Securities			783	4,705	5,488
Time Deposits - Overseas		224,990			224,990
Other foreign investments	226,568				226,568
	375,499	**433,100**	**783**	**31,720**	**841,102**
Available-for-sale					
Government Fixed-income Securities					
Financial Treasury Bills				3,340,200	3,340,200
National Treasury Notes		29,520		491,423	520,943
National Treasury Bills		108,215	187		108,402
Investment Fund quotas					
Long-term Wholly-owned Investment Fund quotas					
Bank Deposit Certificates		9,388			9,388
Debentures		1,300	2,208	10,762	14,270
Financial Bills		14,857	1,227	125,025	141,109
Financial Treasury Bills		2052		36,480	38,532
Repurchase Agreements		20,401			20,401
Real Estate Investment Fund quotas					
Investments - Overseas					
American Deposits Receipt	2,988				2,988
Sovereign Debt Securities			29,656	309,857	339,513
Fixed-income securities (HSBC)		4,150	4,668	28,161	36,979
U.S. Treasury Securities Obligations of U.S.		322	1,008	5,568	6,898
Obligation of U.S. Government Corporations and Agencies				1,040	1,040
Non-U.S. Government				229	229
Sec Issued by States & Terr.		258	410	725	1,393
Corporate Securities		660	392	5,789	6,841
Short-term Investments	840	161			1,001
	3,828	**194,955**	**39,756**	**4,393,031**	**4,631,570**
Held-to-maturity					
Financial Bills				240,765	240,765
Investments - Overseas					
Brazilian Corporate Bonds			13,614		13,614
			13,614	**240,765**	**254,379**

	Consolidated				
	December 31, 2015				
	No stated maturity	From 1 to 180 days	From 181 to 365 days	Over 365 days	Total
Fair value through profit or loss					
Private Fixed-income Securities					
Debentures	409				409
Investment Fund quotas					
Exclusive investment fund quotas					
Financial Treasury Bills				148	148
Repurchase Agreements		268,745		6,065	274,810
Quotas of Equity Security Investment Funds					
Shares - Brazilian Companies	43,432				43,432
Financial Treasury Bills				459	459
Repurchase Agreements		2,132			2,132
Investments - Overseas					
Not Wholly-owned investment fund quotas	75,077				75,077
Sovereign Debt Securities				6,801	6,801
Time Deposits - Overseas		312,029			312,029
Other foreign investments	275,626				275,626
	394,544	**582,906**		**13,473**	**990,923**
Available-for-sale					
Government Fixed-income Securities					
Financial Treasury Bills				2,537,937	2,537,937
National Treasury Notes			28,339	562,246	590,585
National Treasury Bills		434,456	528,359	164,292	1,127,107
Investment Fund quotas					
Long-term Wholly-owned Investment Fund quotas					
Bank Deposit Certificates		2,025	8,790		10,815
Debentures		1,922	1,602	14,958	18,482
Financial Bills			12,165	110,998	123,163
Financial Treasury Bills				34,853	34,853
Repurchase Agreements		22,024			22,024
Real Estate Investment Fund quotas					
Real Estate Investment Funds				39,570	39,570
Fixed-income Fund quotas	544				544
Investments - Overseas					
American Deposits Receipt	2,183				2,183
Sovereign Debt Securities				360,925	360,925
Fixed-income securities (HSBC)		2,901	4,491	31,874	39,266
U.S. Treasury Securities Obligations of U.S.		942	392	5,477	6,811
Obligations of U.S. Goverment corporations and agencies		294	98	2,723	3,115
Non- U.S. Goverment				278	278
Corporate Securities		372	1,224	7,871	9,467
Short-term Investments	2,329				2,329
	5,056	**464,936**	**585,460**	**3,874,002**	**4,929,454**
Held-to-maturity					
Private Fixed-income Securities				224,661	224,661
Investments - Overseas					
Brazilian Corporate Bonds		14,118	6,363	5,120	25,601
Time Deposits - Overseas					
		14,118	**6,363**	**229,781**	**250,262**

6.2 Changes in financial investments

	Parent Company			
Changes in financial investments	Fair value through profit or loss	Available for sale	Held to maturity	Total
At December 31, 2015	990,521	5,006,493	250,262	6,247,276
Investments	2,426,065	3,233,624	-	5,659,689
Yield - redemption	(102,995)	(27,411)	(421)	(130,827)
Principal - redemption	(2,370,548)	(3,735,485)	(8,699)	(6,114,732)
Finance result	35,604	331,336	16,494	383,434
Adjustment to market value	-	93,726	-	93,726
Foreign exchange fluctuation	(133,751)	(89,355)	(3,257)	(226,363)
			-	
At June 30, 2016	**844,896**	**4,812,928**	**254,379**	**5,912,203**

Changes in financial investments	Fair value through profit or loss	Available for sale	Held to maturity	Total
At December 31, 2014	853,516	3,995,219	697,670	5,546,405
Investments	4,036,468	2,797,168	1,718,172	8,551,808
Yield - redemption	(45,208)	(31,176)	(10,336)	(86,720)
Principal - redemption	(4,138,474)	(2,322,920)	(2,215,712)	(8,677,106)
Finance result	120,191	547,219	48,343	715,753
Adjustment to market value	-	(122,322)	-	(122,322)
Foreign exchange fluctuation	164,028	143,305	12,125	319,458
At December 31, 2015	**990,521**	**5,006,493**	**250,262**	**6,247,276**

	Consolidated			
Changes in financial investments	Fair value through profit or loss	Available for sale	Held to maturity	Total
At December 31, 2015	990,923	4,929,454	250,262	6,170,639
Investments	2,434,315	3,134,335	-	5,568,650
Yield - redemption	(102,995)	(27,411)	(421)	(130,827)
Principal - redemption	(2,382,994)	(3,741,414)	(8,699)	(6,133,107)
Finance result	35,604	332,235	16,494	384,333
Adjustment to market value		93,726	-	93,726
Foreign exchange fluctuation	(133,751)	(89,355)	(3,257)	(226,363)
At June 30, 2016	**841,102**	**4,631,570**	**254,379**	**5,727,051**

Changes in financial investments	Fair value through profit or loss	Available for sale	Held to maturity	Total
At December 31, 2014	853,291	4,011,356	697,670	5,562,317
Investments	4,036,468	2,707,759	1,718,172	8,462,399
Yield - redemption	(45,208)	(31,176)	(10,336)	(86,720)
Principal - redemption	(4,138,474)	(2,327,369)	(2,215,712)	(8,681,555)
Finance result	120,818	547,901	48,343	717,062
Adjustment to market value	-	(122,322)	-	(122,322)
Foreign exchange fluctuation	164,028	143,305	12,125	319,458
At December 31, 2015	**990,923**	**4,929,454**	**250,262**	**6,170,639**

7 Credits of the reinsurance and retrocession operations

The credit accounts of the reinsurance and retrocession operations mainly represent the balances receivable arising from operating changes among the local reinsurers and e reinsurers abroad, plus the premiums issued receivable, the respective commission, the indemnities from claims receivable and the credits from business arising from the past operations of the London branch, as follows:

7.1 Breakdown

	Parent Company		Consolidated	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Current				
Operations with insurers (7.2.1)	1,707,021	1,819,174	1,707,021	1,819,174
Operations with reinsurers (7.2.2)	541,153	427,256	541,153	427,256
Other operating credits	25,050	90,658	25,575	90,675
Reserve for impairment of trade receivables	(99,378)	(148,616)	(99,378)	(148,616)
	2,173,846	**2,188,472**	**2,174,371**	**2,188,489**
Non-current				
Operations with insurers (7.2.1)	31,265	31,643	31,265	31,643
Reserve for impairment of trade receivables	(31,265)	(31,643)	(31,265)	(31,643)
	2,173,846	**2,188,472**	**2,174,371**	**2,188,489**

7.2 Changes

7.2.1 Operations with insurers

	Parent Company and Consolidated				
Operations with insurers	Effective premium	Estimated premium	Premium RVNE	Loss	Total
At December 31, 2014	**1,021,263**	**398,701**	**275,431**	**155,422**	**1,850,817**
Premiums receivable	724,530	1,535,656	76,350		2,336,536
Receipts	(715,415)	(1,489,983)	(46,105)		(2,251,504)
Salvage, reimbursements and prepayments for settlement of claims				(63,790)	(63,790)
Exchange variation	(74,601)	(17,849)	(30,104)	(2,338)	(124,892)
At June 30, 2016	**955,777**	**426,524**	**275,572**	**89,294**	**1,747,167**
Current					1,715,902
Non-current					31,265
					1,747,167

	Parent Company and Consolidated				
Operations with insurers	Effective premium	Estimated premium	Premium RVNE	Loss	Total
At December 31, 2014	**661,569**	**487,385**	**231,824**	**160,443**	**1,541,221**
Premiums receivable	3,358,274	54,202	43,821		3,456,297
Receipts	(3,018,295)	(163,966)	(52,703)		(3,234,964)
Salvage, reimbursements and prepayments for settlement of claims				(7,118)	(7,118)
Exchange variation	19,715	21,080	52,489	2,097	95,381
At December 31, 2015	**1,021,263**	**398,701**	**275,431**	**155,422**	**1,850,817**
Current					1,819,174
Non-current					31,643
					1,850,817

7.2.2 Operations with reinsurers

	Parent Company and Consolidated			
	Effective premium	Claims	Others	Total
At December 31, 2015	189.889	236.522	845	427.256
Premiums receivable	160.210			160.210
Receipts	(78.014)			(78.014)
Recovery of loss		110.982		110.982
Exchange variation	(40.187)	(46.118)	(559)	(86.864)
Other credits			7.583	7.583
At June 30, 2016	**231.898**	**301.386**	**7.869**	**541.153**
	Prêmio efetivo	**Sinistros**	**Outros**	**Total**
At December 31, 2014	81.744	426.275	4.219	512.238
Premiums receivable	318.307			318.307
Receipts	(228.109)			(228.109)
Recovery of loss		(231.702)		(231.702)
Exchange variation	17.947	41.949	7	59.903
Other credits			(3.381)	(3.381)
At December 31, 2015	**189.889**	**236.522**	**845**	**427.256**

7.3 Credit aging of reinsurance and retrocession operations

The analysis of the credit maturities of the reinsurance and retrocession operations is as follows:

				Parent Company
Aging	Credit Operations	Debt Operations	Impairment of trade receivable	Total
Falling due	1,478,132	(574,392)	(10,800)	892,940
Overdue up to 30 days	155,766	(50,707)	(2,899)	102,160
Overdue between 31 and 60 days	87,663	(43,740)	(288)	43,635
Overdue between 61 and 120 days	95,705	(34,339)	(2,308)	59,058
Overdue between 121 and 180 days	141,647	(50,272)	(883)	90,492
Overdue between 181 and 365 days	89,981	(23,865)	(4,531)	61,585
Overdue for more than 365 days	255,595	(167,814)	(108,934)	(21,153)
	2,304,489	**(945,129)**	**(130,643)**	**1,228,717**

				Consolidated
Aging	Credit Operations	Debt Operations	Impairment of trade receivable	Total
Falling due	1,478,132	(574,392)	(10,800)	892,940
Overdue up to 30 days	155,766	(50,707)	(2,899)	102,160
Overdue between 31 and 60 days	87,663	(43,740)	(288)	43,635
Overdue between 61 and 120 days	95,705	(34,339)	(2,308)	59,058
Overdue between 121 and 180 days	141,647	(50,272)	(883)	90,492
Overdue between 181 and 365 days	89,981	(23,865)	(4,531)	61,585
Overdue for more than 365 days	256,120	(168,093)	(108,934)	(20,907)
	2,305,014	**(945,408)**	**(130,643)**	**1,228,963**

For the balances of accounts payable and accounts receivable overdue and falling due of R$ 1,228,717, a provision for impairment of trade receivables was recorded in the amount of R$ 130,643, considering the customers' history of default, using the Company's own methodology, based on the segregation of business partners by operating segment in the country and abroad and related parties, rating classification by payment capacity history, customers with unsettled liabilities and special treatment for clients under negotiation.

8 Retrocession assets - technical reserves

8.1 Breakdown

Outstanding claims and incurred but not reported claims are as follows:

	Parent Company		
	June 30, 2016		
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,166,668	163,846	1,330,514
Special risks	75,544	11,359	86,903
Casualty	256,624	11,703	268,327
Hull	409,653	110,326	519,979
Motor	2,699	2078	4,777
Cargo	156,126	20,776	176,902
Financial risks	161,122	89,644	250,766
Credit	14,767	1,470	16,237
Life	23,827	8,597	32,424
Mortgage	640	9824	10,464
Agriculture	12,161	12,557	24,718
Marine	7,304	2,697	10,001
Aviation	121,465	96,089	217,554
Others	22,193	5,848	28,041
	2,430,793	**546,814**	**2,977,607**

	Parent company		
	December 31, 2015		
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,373,097	213,380	1,586,477
Special risks	222,571	22,409	244,980
Casualty	261,535	12,585	274,120
Hull	516,297	39,554	555,851
Motor	2,065	1763	3,828
Cargo	187,764	26,863	214,627
Financial risks	205,773	141,036	346,809
Credit	21,603	6,109	27,712
Life	23,761	7,600	31,361
Mortgage	96	173	269
Agriculture	19,036	24,858	43,894
Marine	10,597	11,121	21,718
Aviation	86,432	23,283	109,715
Others	14,611	289	14,900
	2,945,238	**531,023**	**3,476,261**

	Consolidated		
	June 30, 2016		
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,166,668	163,846	1,330,514
Special risks	75,544	11,359	86,903
Casualty	256,624	11,703	268,327
Hull	409,653	110,326	519,979
Motor	2,699	2078	4,777
Cargo	156,126	20,776	176,902
Financial risks	161,122	89,644	250,766
Credit	14,767	1,470	16,237
Life	23,827	8,597	32,424
Mortgage	640	9824	10,464
Agriculture	12,161	12,557	24,718
Marine	7,304	2,697	10,001
Aviation	121,465	96,089	217,554
Others	22,201	40,577	62,778
	2,430,801	**581,543**	**3,012,344**

	Consolidated		
	December 31, 2015		
Line groups	Claims pending payment	Claims incurred but not reported	Total
Property	1,373,097	213,380	1,586,477
Special risks	222,571	22,409	244,980
Casualty	261,535	12,585	274,120
Hull	516,297	39,554	555,851
Motor	2,065	1763	3,828
Cargo	187,764	26,863	214,627
Financial risks	205,773	141,036	346,809
Credit	21,603	6,109	27,712
Life	23,761	7,600	31,361
Mortgage	96	173	269
Agriculture	19,036	24,858	43,894
Marine	10,597	11,121	21,718
Aviation	86,432	23,283	109,715
Others	56,436	289	56,725
	2,987,063	**531,023**	**3,518,086**

8.1.1 Changes

	Parent Company		
	June 30, 2016		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2015	2,945,238	531,023	3,476,261
Settlement of claims	(1,883,081)	(82,490)	(1,965,571)
Constitution of reserve for claims	1,368,636	98,281	1,466,917
At June 30, 2016	**2,430,793**	**546,814**	**2,977,607**

	December 31, 2015		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2014	2,743,224	269,950	3,013,174
Settlement of claims	(3,401,008)	(324,120)	(3,725,128)
Constitution of reserve for claims	3,603,022	585,193	4,188,215
At December 31, 2015	**2,945,238**	**531,023**	**3,476,261**

	Consolidated		
	June 30, 2016		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2015	2,987,063	531,023	3,518,086
Settlement of claims	(1,883,081)	(89,578)	(1,972,659)
Constitution of reserve for claims	1,368,636	98,281	1,466,917.00
At June 30, 2016	**2,472,618**	**539,726**	**3,012,344**

	December 31, 2015		
	Claims pending payment	Claims incurred but not reported	Total
At December 31, 2014	2,743,447	269,970	3,013,417
Settlement of claims	(3,401,008)	(324,140)	(3,725,148)
Constitution of reserve for claims	3,644,624	585,193	4,229,817
At December 31, 2015	**2,987,063**	**531,023**	**3,518,086**

8.2 Deferred retrocession premiums

Parent Company and Consolidated

June 30, 2016

	Unearned premium reserve			Deferred acquisition costs			
Line groups	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	277,539	43,059	21,080	(16,638)	(4,307)	(1,985)	318,748
Special risks	101,971	13,017	40,161	(8,205)	(651)	(2,380)	143,913
Casualty	24,453	7,974	3,532	(1,248)	(1,309)	(470)	32,932
Hull	119	-	-	-	-	-	119
Motor	796	1,503	41	(44)	(68)	(2)	2,226
Cargo	13,042	2,901	9,867	(549)	(160)	(1,179)	23,922
Financial risks	33,517	1,198	4,586	(1,647)	(270)	(889)	36,495
Life	11,009	799	4,727	(593)	(62)	(327)	15,553
Agriculture	2,421	-	292	(419)	-	(71)	2,223
Marine	7,743	3,865	7,202	(272)	(193)	(295)	18,050
Aviation	24,083	8,986	8,493	(59)	(1)	(295)	41,207
Others	45,007	1,907	-	(475)	(909)	-	45,530
	541,700	**85,209**	**99,981**	**(30,149)**	**(7,930)**	**(7,893)**	**680,918**

Parent Company and Consolidated

December 31, 2015

	Unearned premium reserve			Deferred acquisition costs			
Line groups	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	270,567	15,719	24,424	(15,233)	(1,865)	(2,406)	291,206
Special risks	198,827	1,354	42,441	(15,736)	(68)	(2,734)	224,084
Casualty	20,373	5,352	3,846	(2,075)	(888)	(625)	25,983
Hull	329	-	-	-	-	-	329
Motor	615	1,902	42	(34)	(105)	(2)	2,418
Cargo	17,924	3,843	8,372	(399)	(213)	(1,097)	28,430
Financial risks	17,029	3,184	3,092	(1,246)	(1,002)	(684)	20,373
Credit	-	-	(1)	-	-	-	(1)
Life	7,238	714	35	(390)	(51)	(5)	7,541
Agriculture	213	-	360	(63)	(12)	(100)	398
Marine	10,581	398	7,505	(143)	(20)	(301)	18,020
Aviation	39,236	8,685	8,737	(200)	-	(280)	56,178
Others	39,002	5,470	-	(682)	(2,686)	-	41,104
	621,934	**46,621**	**98,853**	**(36,201)**	**(6,910)**	**(8,234)**	**716,063**

8.2.1 Changes

	June 30, 2016						
	Unearned premium reserve			Deferred acquisition costs			
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
At December 31, 2015	621,934	46,621	98,853	(36,201)	(6,910)	(8,234)	716,063
Deferral for risk	(212,546)	(13,098)	(19,122)	11,100	4,004	1,303	(228,359)
Constitution	132,312	51,686	20,250	(5,048)	(5,024)	(962)	193,214
At June 30, 2016	**541,700**	**85,209**	**99,981**	**(30,149)**	**(7,930)**	**(7,893)**	**680,918**

	December 31, 2015						
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
At December 31, 2014	511,638	67,414	85,903	(46,668)	(3,100)	(7,332)	607,855
Deferral for risk	(1,197,174)	(288,017)	(43,974)	112,648	39,507	4,655	(1,372,355)
Constitution	1,307,470	267,224	56,924	(102,181)	(43,317)	(5,557)	1,480,563
At December 31, 2015	**621,934**	**46,621**	**98,853**	**(36,201)**	**(6,910)**	**(8,234)**	**716,063**

8.3 Other technical reserves

The reserve for technical surplus ensures the amounts for distribution of surplus due to technical surplus in the operation of agreements, and the provision for related expenses constitutes coverage of the expenses relating to claims.

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Property	7,046	10,018
Special risks	503	1,271
Casualty	4,765	4,290
Hull	4,312	3,486
Motor	27	49
Cargo	174	233
Financial risks	326	95
Credit	3	4
Life	55	78
Mortgage	6	1
Agriculture	13	24
Marine	15	121
Aviation	2,542	761
	19,787	**20,431**

9 Securities and receivables

	Parent Company		Consolidado	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Current				
Trade receivables from malls	-	6,487	6,638	6,487
Receivables from judicial agreements (**)	3,989	3,108	3,989	3,108
Receivables - health care expenses/INSS/retired	291	457	291	457
Prepayments to employees	1,902	428	1,902	428
Others	124	573	1,713	1,833
Total current	**6,306**	**11,053**	**14,533**	**12,313**
Non-current				
Receivables from Caixa Econômica Federal (*)	15,817	15,686	15,817	15,686
Receivables from judicial agreements (**)	13,399	12,432	13,399	12,432
	6,514	-	-	-
Total non-current	**35,730**	**28,118**	**29,216**	**28,118**
	42,036	**39,171**	**43,749**	**40,431**

(*) Amount arising from the recovery of amounts unduly paid on account of a suit relating to the Mortgage insurance of the Housing Financial System, using the resources of FESA.

(**) Amount from judicial agreements entered into with debtors.

10 Tax and social security credits

10.1 Tax and social security credits

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Current		
Contributions and taxes over recoverable (*)	76,778	126,244
Income tax withheld at source	3,624	4,848
Taxes to offset/recover	22,719	
	103,121	**131,092**
Non-current		
Contributions and taxes over recoverable (*)	206,190	206,190
Tax credits on temporary differences (**)	384,871	480,691
	591,061	**686,881**
	694,182	**817,973**

(*) Relates to overpayments for Social Integration Program ("PIS") (R$ 56,639) and Social Contribution on Revenue ("COFINS") (R$ 226,329), arising from the operation to increase the basis, a decision in the suit of which occurred on October 29, 2013, and the refund request on December 19, 2013. To determine and account for these amounts, the credits on which there was no doubt or discussion were considered. These credits had been used by the Company to settle the monthly debts relating to direct taxes (Income Tax - IRPJ), Social Security (CSLL), PIS and COFINS). During the semester R$ 36,033 were offset.

(**) Provisional Measure No. 675 of May 21, 2015 (the "MP") raised the rate of Social Contribution to 20%, which will be effective from September 1o, 2015.

10.1.1 Tax credits on temporary differences

The deferred income tax and social contribution on temporary differences are as follows:

	Parent Company and Consolidated			
	June 30, 2016		December 31, 2015	
	IRPJ	CSLL	IRPJ	CSLL
Non-current				
Tax credits on temporary differences				
Labor provision (a)	365,064	365,064	313,815	313,815
Provision for devaluation of investment (b)	233,880	233,880	242,790	242,790
Provision for impairment of trade receivables (c)	238,560	238,560	302,154	302,154
Provision for tax and social security contingencies (d)	126,009	126,009	162,694	162,694
Market value adjustment - securities available-for-sale	67,983	67,983	161,709	161,709
Actuarial gains and losses - post-employment benefits	(48,001)	(48,001)	(22,390)	(22,390)
Provision for labor contingencies (d)	45,257	45,257	48,187	48,187
Market value adjustment - investment	(47,234)	(47,234)	(47,234)	(47,234)
Provision for tax/labor contingencies - liability	(137,183)	(137,183)	(108,491)	(108,491)
Other provision	35,480	32,435	14,968	14,968
Calculation basis	**879,815**	**876,770**	**1,068,202**	**1,068,202**
Rate	25%	20%	25%	20%
Tax credit on temporary differences	**219,954**	**164,917**	**267,051**	**213,640**

The deferred income tax and social security tax credits arising from temporary differences are constituted based on the 25% and 20% rates, respectively. For temporary differences to be realized as from January 1, 2019, the Company used the rate of 15% to record the deferred social contribution.

(a) The realization of the tax credit is based on an actuarial calculation of the realization of the labor provision and it considers the management's expectation regarding the realization of the asset.

(b) These refer to the provision for losses on the financial investments "Brazilian Bonds", "BB Securities" and "Banco Econômico", the first being an investment in default, the second being expected to be realized over a period that exceeds 20 years and the investment in "Banco Econômico" being in dispute.

(c) The realization of the tax credit on provision for impairment of trade receivables is to be determined based on the judicial recovery of the credit or management decision to write off the loss.

(d) The realization of the tax credit on the provision for tax, social security and labor contingencies depends on the final decision and closing date of the lawsuits.

11 Properties to lease

	Parent Company			
	Land	Buildings	Malls	Total
Cost of properties to lease - gross				
Balance on December 31, 2015	16,489	672	171,561	188,722
Acquisition			768	768
Transfer of assets to subsidiary (*)	(16,476)	(638)	(164,450)	(181,564)
At June 30, 2016	**13**	**34**	**7,879**	**7,926**
Accumulated depreciation				
Balance on December 31, 2015		(672)	(13,619)	(14,291)
Depreciation			(961)	(961)
Transfer of assets to subsidiary (*)		638	13,005	13,643
At June 30, 2016		**(34)**	**(1,575)**	**(1,609)**
Net book value	**13**	**-**	**6,304**	**6,317**
Cost of properties to lease - gross				
Balance on December 31, 2014	16,489	672	169,395	186,556
Acquisition			2,166	2,166
At December 31, 2015	**16,489**	**672**	**171,561**	**188,722**
Accumulated depreciation				
Balance on December 31, 2014		(672)	(10,364)	(11,036)
Depreciation			(3,255)	(3,255)
At December 31, 2015		**(672)**	**(13,619)**	**(14,291)**
Net book value	**16,489**	**-**	**157,942**	**174,431**

(*) Assets were transferred to subsidiary IRB Investimentos e Participações Imobiliárias at cost, net of accumulated depreciation for purposes of payment of capital.

	Consolidated			
	Land	Buildings	Malls	Total
Cost of properties to lease - gross				
Balance on December 31, 2015	16,489	672	171,561	287,853
Acquisition		124	100,495	100,619
Disposals	-28			-28
At June 30, 2016	**16,461**	**796**	**272,056**	**388,444**
Accumulated depreciation				
Balance on December 31, 2015		(672)	(13,619)	(14,291)
Depreciation		(124)	(1,648)	(1,772)
Disposals				-
At June 30, 2016		**(796)**	**(15,267)**	**(16,063)**
Net book value	**16,461**	**-**	**256,789**	**372,381**
Cost of properties to lease - gross				
Balance on December 31, 2014	16,489	672	169,395	186,556
Acquisition			101,297	101,297
At December 31, 2015	**16,489**	**672**	**270,692**	**287,853**
Accumulated depreciation				
Balance on December 31, 2014		(672)	(10,364)	(11,036)
Depreciation			(3,255)	(3,255)
At December 31, 2015		**(672)**	**(13,619)**	**(14,291)**
Net book value	**16,489**	**-**	**257,073**	**273,562**

(a) The breakdown of the investments in malls, with the Company's share percentage and respective improvements made by IRB Brasil RE in the year ended June 30,2016 , is as follows:

		Improvements	
		June 30, 2016	December 31, 2015
	Investiment Percentage	Improvements	Improvements
Park Shopping - Brasília	20%	444	1,352
Esplanada - Sorocaba	15%	100	292
Praia de Belas - Porto Alegre	20%	71	1,411
Minas Shopping - Belo Horizonte	19%	144	269
Shopping Barra - Salvador	20%	16	328
Book value of the improvements in active malls		**775**	**3,652**
Return of improvements			
Park Shopping - Brasília			(1,486)
Net book value of the improvements in active malls		**775**	**2,166**

The investments in malls are recorded at cost and the Company annually determines the cash flow value expected for these investments and constitutes reserves for losses, when applicable, the market value of which is estimated at R$ 461,984.

The present value of the minimum payments of the lease receivable by the Company in the following periods is as follows:

	June 30, 2016	December 31, 2015
Up to one year	37,597	35,997
Between one and five years	151,469	131,183
More than five years	151,767	153,488
Total	340,833	320,668

12 Property and equipment

	Parent Company						
	Land and buildings	Data processing equipment	Telecommunication equipment	Furniture, machinery and fixtures	Other properties and equipment	Vehicles	Total
Cost property and equipment - gross							
At December 31, 2015	23.867	44.096	3.540	8.509	1354	629	81.995
Additions	-	1.644	-	92	813	115	2.664
Disposals	(271)	-	-	(68)	-	(97)	(436)
Transfers	34	-	-	263	(297)	-	
At June 30, 2016	**23.630**	**45.740**	**3.540**	**8.796**	**1.870**	**647**	**84.223**
Accumulated depreciation							
At December 31, 2015	(10.851)	(29.152)	(1.008)	(4.965)		(114)	(46.090)
Depreciation	(348)	(2.864)	(346)	(289)	-	(60)	(3.907)
Disposals	271			16		6	293
At June 30, 2016	**(10.928)**	**(32.016)**	**(1.354)**	**(5.238)**	**-**	**(168)**	**(49.704)**
Net book value	**12.702**	**13.724**	**2.186**	**3.558**	**1.870**	**479**	**34.519**
Cost property and equipment - gross							
At December 31, 2014	22.141	40.309	3.667	7.469	78	603	74.267
Additions	150	5.678	302	649	3.504	265	10.548
Disposals		(1.891)	(429)	(261)		(239)	(2.820)
Transfers	1.576			652	(2.228)		-
At December 31, 2015	**23.867**	**44.096**	**3.540**	**8.509**	**1.354**	**629**	**81.995**
Accumulated depreciation							
At December 31, 2014	(10.221)	(25.633)	(765)	(4.733)		(35)	(41.387)
Depreciation	(630)	(5.656)	(664)	(471)		(124)	(7.545)
Disposals		2.137	421	239		45	2.842
At December 31, 2015	**(10.851)**	**(29.152)**	**(1.008)**	**(4.965)**	**-**	**(114)**	**(46.090)**
Net book value	**13.016**	**14.944**	**2.532**	**3.544**	**1.354**	**515**	**35.905**

	Consolidated						
	Land and buildings	Data processing equipment	Telecommunication equipment	Furniture, machinery and fixtures	Other properties and equipment	Vehicles	Total
Cost property and equipment - gross							
At December 31, 2015	23.867	44.096	3.540	8.585	1.354	629	82.071
Additions		1.644		92	813	128	2.677
Disposals	-271			(68)		(97)	(436)
Transfers	34			263	(297)		
At June 30, 2016	**23.630**	**45.740**	**3.540**	**8.872**	**1.870**	**660**	**84.312**
Accumulated depreciation							
At December 31, 2015	(10.851)	(29.152)	(1.008)	(5.025)	-	(114)	(46.150)
Depreciation	(348)	(2.864)	(346)	(289)		(64)	(3.911)
Disposals	271					6	277
At June 30, 2016	**(10.928)**	**(32.016)**	**(1.354)**	**(5.314)**	**-**	**(172)**	**(49.784)**
Net book value	**12.702**	**13.724**	**2.186**	**3.558**	**1.870**	**488**	**34.528**
Cost property and equipment - gross							
At December 31, 2014	22.141	40.309	3.667	7.661	78	603	74.459
Additions	150	5.678	302	649	3.504	265	10.548
Disposals		(1.891)	(429)	(377)		(239)	(2.936)
Transfers	1.576			652	(2.228)		
At December 31, 2015	**23.867**	**44.096**	**3.540**	**8.585**	**1.354**	**629**	**82.071**
Accumulated depreciation							
At December 31, 2014	(10.221)	(25.633)	(765)	(4.906)		(35)	(41.560)
Depreciation	(630)	(5.656)	(664)	(497)		(124)	(7.571)
Disposals		2.137	421	378		45	2.981
At December 31, 2015	**(10.851)**	**(29.152)**	**(1.008)**	**(5.025)**	**-**	**(114)**	**(46.150)**
Net book value	**13.016**	**14.944**	**2.532**	**3.560**	**1.354**	**515**	**35.921**

13 Intangible assets

	Parent Company and Consolidated		
	Software development cost	Software development in progress	Total
Cost of intangible assets - gross			
At December 31, 2015	107,330	2,266	109,596
Additions	6,731	869	7,600
Transfers	1,985	(1,985)	-
At June 30, 2016	**116,046**	**1,150**	**117,196**
Accumulated amortization			
At December 31, 2015	(46,239)	-	(46,239)
Amortization	(9,866)	-	(9,866)
At June 30, 2016	**(56,105)**	**-**	**(56,105)**
Net book value	**59,941**	**1,150**	**61,091**
Cost of intangible assets - gross			
At December 31, 2014	85,694	1,439	87,133
Additions	15,226	7,237	22,463
Transfers	6,410	(6,410)	0
At December 31, 2015	**107,330**	**2,266**	**109,596**
Accumulated amortization			
At December 31, 2014	(29,951)	-	(29,951)
Amortization	(16,288)	-	(16,288)
At December 31, 2015	**(46,239)**	**-**	**(46,239)**
Net book value	**61,091**	**2,266**	**63,357**

14 Obligations payable and reserves for post-employment benefits

14.1 Obligations payable

	Parent Company		Consolidated	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Trade payables	5,289	7,457	5,289	7,457
Dividends	9,494	34,155	9,494	34,155
Interest on capital	71,830	2,643	71,830	2,643
Profit sharing	14,359	23,310	14,359	23,310
Key management compensation	7,702	11,995	7,702	11,995
Others	123	387	612	1,712
	108,797	**79,947**	**109,286**	**81,272**
Current	**108,487**	**79,637**	**108,976**	**81,272**
Non-current	**310**	**310**	**310**	**310**

14.2 Reserve for post-employment benefit

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Benefit - post employment - Retirement (i)	170,443	170,443
Benefit - post employment - Health Care Plan (ii)	192,056	191,707
Benefit - post employment - Life Insurance (iii)	1,003	969
Benefit - post employment - Funeral Assistance (iv)	1,562	1,360
	365,064	**364,479**
Current	**38,307**	**35,582**
Non-current	**326,756**	**328,897**
	365,064	**364,479**

(i) Post-employment benefit - retirement

The Company pays in full a complementary pension and amounts due to the death of employees hired up to December 31, 1968, enhanced complementary retirement benefits for employees retired up to February 28, 1975 and pension improvement benefits concerning the beneficiaries of employees who died up to February 28, 1975.

(ii) Post-employment benefit - health and dental care

Self-management plans for health care coverage (first aid post), surgical (hospital confinement), obstetric and dental care, besides reimbursements and pharmacy benefits for active employees, retired employees and pensioners, as well as their dependents: for employees hired up to May 31, 2004, the dependents can be spouse, children and parents, with revenue lower than one Brazilian minimum wage. For employees hired from June 1, 2004, only spouse and children are considered as dependents. For those who have entered the Company from October 14, 1996, IRB Brasil RE pays 50% of the plan, i.e. of the amounts in tables I and II (items 5.1.4 and 5.1.5 of section 1 of the PCAM Standards) and the employees and beneficiaries pay the other installment equal to 50%. For those who entered the Company up to October 13, 1996, the contribution of the employee and their dependents varies from 0.25% to 2% of the amount of the items that compose the reference wage. The contributions are deducted monthly from salary, varying according to the hiring date, wage basis amount (%) and age (tables).

(iii) Post-employment benefit - life insurance

In the case of employees hired up to 1998, IRB-Brasil RE bears 100% of the premium and in the case of employees hired after that year, 50% of the premium. The participation of the employee is optional. Retired employees that desire to remain in the policy pay the full premium. The Company fully bears the cost of the premium for disabled retirees.

(iv) Post-employment benefit - funeral assistance

This benefit is only available for employees hired up to October 31, 1996. The assistance is limited to R$ 1,344.87 for a simple funeral, R$ 1,554.63 for cremation and R$ 2,640.80 for a funeral with cremation.

15 Reserves for taxes and contributions

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
CSLL payable	778	9,479
PIS/COFINS payable	9,309	4,792
Total	**10,087**	**14,271**

16 Debits of reinsurance and retrocession operations

The debit accounts of the reinsurance and retrocession operations represent, mainly, the balances payable arising from operating changes among local reinsurers and in reinsurers abroad, plus the premiums payable, the respective commission, the indemnities from claims payable and the debits from business arising from the past operations of the London branch, as follows:

16.1 Breakdown

	Parent Company		Consolidated	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Operations with insurers	86,585	156,082	86,585	156,082
Operations with reinsurers	687,853	676,759	688,115	677,078
Reinsurance, retrocession brokers and others	53,614	52,500	53,631	52,521
Other operating debts (*)	117,077	152,854	117,077	152,854
	945,129	**1,038,195**	**945,408**	**1,038,535**

(*) These refer to the Company's debits arising from operations with funds and consortia.

16.2 Changes

16.2.1 Operation with insurers

	Parent Company and Consolidated			
	Premiums	Losses	Others	Total
At December 31, 2015	751	155,137	194	156,082
Premiums and retrocession interest paid	(97)			(97)
Reinsurance loss payable		60,631		60,631
Reinsurance loss paid		(124,067)		(124,067)
Other payables				-
Other paid			(116)	(116)
Exchange variation	(170)	(5,642)	(36)	(5,848)
At June 30, 2016	**484**	**86,059**	**42**	**86,585**

	Premiums	Losses	Others	Total
At December 31, 2014	908	52,861	174	53,943
Premiums and retrocession interest paid	(342)			(342)
Reinsurance loss payable		1,890,438		1,890,438
Reinsurance loss paid		(1,792,016)		(1,792,016)
Other payables			103	103
Other paid			(97)	(97)
Exchange variation	185	3,854	14	4,053
At December 31, 2015	**751**	**155,137**	**194**	**156,082**

16.2.2 Operations with reinsurers

				Parent Company
	Premiums	Losses	Others	Total
At December 31, 2015	660,583	8,671	7,505	676,759
Premiums, commission and retrocession interest payable	372,160			372,160
Premiums, commission and retrocession interest paid	(319,942)			(319,942)
Reinsurance loss payable		171,071		171,071
Reinsurance loss paid		(147,768)		(147,768)
Other payables			16,566	16,566
Other paid			(7,264)	(7,264)
Exchange variation	(76,840)	4,326	(1,216)	(73,729)
At June 30, 2016	**635,961**	**36,300**	**15,591**	**687,853**

	Premiums	Losses	Others	Total
At December 31, 2014	606,011	(16,409)	203	589,805
Premiums, commission and retrocession interest payable	1,236,915			1,236,915
Premiums, commission and retrocession interest paid	(1,224,317)			(1,224,317)
Reinsurance loss payable		148,828		148,828
Reinsurance loss paid		(116,424)		(116,424)
Other payables			47,637	47,637
Other paid			(40,449)	(40,449)
Exchange variation	41,974	(7,324)	114	34,764
At December 31, 2015	**660,583**	**8,671**	**7,505**	**676,759**

	Consolidated			
	Premiums	Losses	Others	Total
At December 31, 2015	660,762	8,708	7,608	677,078
Premiums, commission and retrocession interest payable	372,160			372,160
Premiums, commission and retrocession interest paid	(319,942)			(319,942)
Reinsurance loss payable		171,071		171,071
Reinsurance loss paid		(147,768)		(147,825)
Other payables			16,566	16,566
Other paid			(7,264)	(7,264)
Exchange variation	(76,840)	4,326	(1,216)	(73,729)
At June 30, 2016	**636,140**	**36,337**	**15,694**	**688,115**

	Premiums	Losses	Others	Total
At December 31, 2014	606,190	(16,372)	204	590,022
Premiums, commission and retrocession interest payable	1,236,915			1,236,915
Premiums, commission and retrocession interest paid	(1,224,317)			(1,224,317)
Reinsurance loss payable		148,828		148,828
Reinsurance loss paid		(116,424)		(116,424)
Other payables			47,739	47,739
Other paid			(40,449)	(40,449)
Exchange variation	41,974	(7,324)	114	34,764
At December 31, 2015	**660,762**	**8,708**	**7,608**	**677,078**

17 Third-party deposits

The breakdown of the account balance by deposit age is as follows:

Anticipated premium collection

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Up to 30 days	6,708	2,679
More than 120 days	238	238
	6,946	**2,917**

18 Technical reserves

18.1 Reserve for earned premiums and acquisition costs

Parent Company and Consolidated

June 30, 2016

Line groups	Unearned premium reserve			Deferred acquisition costs			Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	562,264	98,605	51,255	(39,620)	(16,606)	(5,366)	650,532
Special risks	160,854	13,702	49,556	(16,570)	-	(3,734)	203,808
Casualty	44,735	9,910	5,786	(4,477)	(1,484)	(648)	53,822
Hull	607	-	-	(30)	-	-	577
Motor	4,813	3,058	246	(1,089)	(423)	(67)	6,538
Cargo	41,619	5,635	20,928	(3,916)	(654)	(2,336)	61,276
Financial risks	154,052	30,961	20,321	(47,283)	(13,116)	(6,592)	138,343
Credit	-	-	2	-	-	-	2
Life	22,723	4,228	7,178	(38,579)	(179)	(410)	-5,039
Mortgage	2,841	4,552	66	(196)	(1,381)	(13)	5,869
Agriculture	126,435	97,376	5,625	(29,921)	(23,791)	(1,344)	174,380
Marine	42,440	6,420	16,775	(4,387)	(535)	(1,367)	59,346
Aviation	47,074	12,540	22,297	(4,148)	(1,101)	(1,933)	74,729
Others	249,954	121,742	-	(40,358)	(28,277)	-	303,061
	1,460,411	**408,729**	**200,035**	**(230,574)**	**(87,547)**	**(23,810)**	**1,727,244**

Parent Company and Consolidated

December 31, 2015

Line groups	Unearned premium reserve			Deferred acquisition costs			Total
	Effective	Estimated	RVNE	Effective	Estimated	RVNE	Total
Property	514,625	73,781	58,730	(37,788)	(14,602)	(5,859)	588,887
Special risks	291,668	1,432	54,832	(28,621)	(2)	(4,479)	314,830
Casualty	39,436	7,268	6,481	(4,696)	(1,007)	(843)	46,639
Hull	672	-	-	(25)	-	-	647
Motor	6,228	5,697	315	(1,888)	(1,142)	(87)	9,123
Cargo	47,133	8,084	17,706	(5,620)	(1,425)	(1,991)	63,887
Financial risks	110,831	42,029	15,343	(33,045)	(17,488)	(4,935)	112,735
Life	25,276	2,711	169	(1,127)	(177)	(12)	26,840
Mortgage	2,529	6,498	33	(181)	(1,753)	(6)	7,120
Agriculture	182,267	73,584	3,767	(44,019)	(17,788)	(903)	196,908
Marine	35,793	2,879	16,580	(3,408)	(559)	(1,275)	50,010
Aviation	57,855	10,476	22,497	(3,901)	(1,694)	(1,839)	83,394
Others	269,537	154,643	-	(49,276)	(37,725)	-	337,179
	1,583,850	**389,082**	**196,453**	**(213,595)**	**(95,362)**	**(22,229)**	**1,838,199**

18.1.1 Changes

	Parent Company and Consolidated					
	June 30, 2016					
	Unearned premium reserve			Deferred acquisition costs		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
At December 31, 2015	1,583,850	389,082	196,453	(213,595)	(95,362)	(22,229)
Deferred for risk	(388,240)	(138,158)	(30,485)	55,550	73,963	2,371
Constitution	264,801	157,805	34,067	(72,529)	(66,148)	(3,952)
At June 30, 2016	**1,460,411**	**408,729**	**200,035**	**(230,574)**	**(87,547)**	**(23,810)**

	December 31, 2015					
	Unearned premium reserve			Deferred acquisition costs		
	Effective	Estimated	RVNE	Effective	Estimated	RVNE
At December 31, 2014	1,231,331	387,388	194,197	(135,639)	(103,661)	(16,824)
Deferred for risk	(460,731)	(410,551)	(73,441)	64,240	82,705	9,446
Constitution	813,250	412,245	75,697	(142,196)	(74,406)	(14,851)
At December 31, 2015	**1,583,850**	**389,082**	**196,453**	**(213,595)**	**(95,362)**	**(22,229)**

18.2 Outstanding reserve and reserve for claims incurred but not reported

	June 30, 2016			
	Parent Company		Consolidated	
Line groups	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance
Property	2,113,330	326,051	2,113,330	326,051
Special risks	119,517	17,810	119,517	17,810
Casualty	610,934	28,502	610,934	28,502
Hull	486,727	126,980	486,727	126,980
Motor	200,255	36,651	200,255	36,651
Cargo	267,196	49,659	267,196	49,659
Financial risks	300,143	190,838	300,143	190,838
Credit	20,168	2,661	20,168	2,661
Life	125,579	41,334	125,579	41,334
Mortgage	21,742	17,787	21,742	17,787
Agriculture	305,619	97,383	305,619	97,383
Marine	77,590	18,650	77,590	18,650
Aviation	235,681	109,665	235,681	109,665
Run-off London Branch (*)	90,360	79,277	90,360	79,277
Others	470,860	105,791	471,327	140,523
	5,445,701	**1,249,039**	**5,446,168**	**1,283,771**

	December 31, 2015			
	Parent Company		Consolidated	
Line groups	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance	Claims pending payment Reinsurance	Claims incurred but not reported Reinsurance
Property	2,383,512	371,298	2,383,512	371,298
Special risks	297,889	31,188	297,889	31,188
Casualty	597,774	30,712	597,774	30,712
Hull	610,430	57,413	610,430	57,413
Motor	200,367	40,720	200,367	40,720
Cargo	293,830	55,195	293,830	55,195
Financial risks	350,056	233,104	350,056	233,104
Credit	27,360	10,114	27,360	10,114
Life	133,178	35,596	133,178	35,596
Mortgage	25,452	18,488	25,452	18,488
Agriculture	136,439	108,108	136,439	108,108
Marine	99,121	26,515	99,121	26,515
Aviation	214,195	39,231	214,195	39,231
Run-off London Branch (*)	119,299	98,361	119,299	98,361
Others	433,411	109,857	434,432	153,599
	5,922,313	**1,265,900**	**5,923,334**	**1,309,642**

(*) This includes the reserve for the risk of environmental pollution, diseases and other damage arising from the leakage of asbestos. These estimates comprise a higher level of uncertainty in relation to those relating to the other risks, because the occurrence and development of this type of loss is more unpredictable. Accordingly, the final amounts may significantly vary upon its effective realization in subsequent years.

18.2.1 Changes

	Parent Company		Consolidated	
	June 30, 2016			
	Claims pending payment	Claims incurred but not reported	Claims pending payment	Claims incurred but not reported
At December 31, 2015	5,922,313	1,265,900	5,923,334	1,309,642
Settlement of claims	(1,313,956)	(211,537)	(1,314,510)	(220,547)
Constitution of reserve for claims	837,344	194,676	837,344	194,676
At June 30, 2016	**5,445,701**	**1,249,039**	**5,446,168**	**1,283,771**

	Parent Company		Consolidated	
	December 31, 2015			
	Claims pending payment	Claims incurred but not reported	Claims pending payment	Claims incurred but not reported
At December 31, 2014	5,381,192	796,289	5,383,377	796,515
Settlement of claims	(331,930)	(88,404)	(333,094)	(88,404)
Constitution of reserve for claims	873,051	558,015	873,051	601,531
At December 31, 2015	**5,922,313**	**1,265,900**	**5,923,334**	**1,309,642**

18.3 Claims under litigation

At June 30, 2016 and December 31, 2015, the section "Claims pending payment" includes payable balances concerning claims under litigation relating, mainly, to issues involving the scope of coverage of agreements' conditions and discrepancies between the amounts demanded by the insured parties and the evaluation of legal advisors, internal lawyers and/or the technical department of the Reinsurer.

The percentages calculated on an actuarial basis, by loss probability, and the corresponding provision constituted are as follows:

	Parent Company and Consolidated					
	June 30, 2016					
Probability	Number	Total exposure value	%	Claims pending payment	Retrocession	Net
Probable	740	528,118	41%	216,528	(103,696)	112,832
Possible	636	502,966	37%	186,097	(89,123)	96,975
Remote	217	1,269,909	5%	63,495	(30,408)	33,087
	1,593	**2,300,992**		**466,121**	**(223,227)**	**242,894**

	Parent Company and Consolidated					
	December 31, 2015					
Probability	Number	Total exposure value	%	Claims pending payment	Retrocession	Net
Probable	796	463,013	44%	203,726	(98,363)	105,363
Possible	675	595,716	29%	172,757	(83,411)	89,347
Remote	240	1,023,748	6%	61,425	(29,657)	31,768
	1,711	**2,082,477**		**437,908**	**(211,431)**	**226,477**

These court claims are recorded, gross of retrocession, as liabilities under "Claims pending payments ", and the recoverable values concerning the retrocession are classified under "Retrocession assets - technical reserves".

18.3.1 Aging of court claims

	Parent Company and Consolidated		
Aging	Gross of retrocession	Retrocession	Net of retrocession
From 121 to 180 days	519	-	519
From 181 to 365 days	19,879	(18,375)	1,504
More than 365 days	445,723	(204,852)	240,871
	466,121	**(223,227)**	**242,894**

18.4 Other reserves

In 2009, the reserve for technical surplus began to be constituted in order to ensure the amounts for distribution of surplus due to technical surplus in the operationalization of agreements, and a reserve for related expenses was constituted for the coverage of expenses relating to claims.

	Parent Company and Consolidated	
Line groups	June 30, 2016	December 31, 2015
Property	15,248	17,352
Special risks	1,065	1,728
Casualty	13,544	11,757
Hull	5,018	4,216
Motor	2,645	1,096
Cargo	1092	658
Financial risks	19,324	14,739
Credit	42	42
Life	7,486	7,462
Mortgage	1,055	1,247
Agriculture	562	750
Marine	193	719
Aviation	3,234	1,300
Others	10,607	1,408
	81,115	**64,474**

19 Guarantee of technical reserves

According to National Monetary Council ("CMN") Resolution 3,543, of February 28, 2008, the Reinsurers' technical reserves on June 30, 2016 and December 31, 2015 had the following coverage:

	Parent Company		Consolidated	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Insurance technical reserves	8,503,099	9,090,886	8,538,298	9,135,649
(-) Retrocession assets (*)	3,678,313	4,212,755	3,713,050	4,254,580
(+) Assets - reduction (*)	574,516	629,545	574,516	629,545
(-) Credit rights (*)	781,615	512,833	781,615	512,833
Amount to be guaranteed	**4,617,687**	**4,994,843**	**4,618,149**	**4,997,781**
Assets given as collateral:				
Exclusive investment fund quotas	526,273	529,885	526,273	529,885
Fixed-income investment funds	29,040	27,661	29,040	27,661
Financial Treasury Bills	3,320,074	2,519,054	3,320,074	2,519,054
Financial bills	240,765	224,661	240,765	224,661
National Treasury Notes	520,942	590,585	520,942	590,585
National Treasury Bills	108,403	1,127,106	108,403	1,127,106
Sovereign debt securities	339,513	360,923	339,513	360,923
Debentures	607	409	607	409
Time deposits	29,014	-	29,014	-
Total assets	**5,114,631**	**5,380,285**	**5,114,631**	**5,380,285**

(*) For the purpose of identifying the technical reserves balance to be covered by these assets, the liabilities balance of the group "Technical reserves – reinsurance and retrocessions" should be considered net of the assets balance of the group "Retrocession assets –technical reserves", which relates to the risk parcel retrocession.

20 Related parties

The main transactions carried out by the Reinsurer with related parties (parent companies) in normal market conditions are as follows:

	Parent Company and Consolidated					
	June 30, 2016		December 31, 2015		June 30, 2016	June 30, 2015
	Receivable	Payable	Receivable	Payable	Result	Result
With shareholding in the Reinsurer						
Premiums	588,764	96,679	746,155	160,614	941,856	469,875
Indemnities and expenses of claims	50,953	40,631	29,520	79,912	(329,947)	(152,212)
Commission	-	57,967	-	96,749	(140,343)	(76,211)
Others	-	21,371	-	10,108	(6,833)	(42,460)
	639,717	**216,648**	**775,675**	**347,383**	**464,733**	**198,993**

These amounts relate to reinsurance and retrocession operations carried out with insurers that hold shares in the Reinsurer, the amounts of which are included in the items "Credits of reinsurance and retrocession operations" and "Debits of reinsurance and retrocession operations" in the balance sheets and in the respective accounts recorded in the statements of income.

20.1 Key management compensation

The total compensation of directors and other boards and committees of the Company, at June 30,2016, is as follows:

	Parent Company and Consolidated	
	Accounts Payable	Result
At June 30, 2016	**7,702**	**2,434**
At December 31, 2015	**11,812**	**15,652**

21 Judicial and fiscal deposits, other lawsuits and tax obligations

	Parent Company and Consolidated		
	June 30, 2016		
	Fiscal and judicial deposits	Contingent liabilities	Tax obligations
Tax			
COFINS	7,083		
PIS	3,636		
Social contribution	387,389		371,250
Income tax	1,528		
Service tax (ISS)	1,025		
Social security			
National Institute of Social Security (INSS)	45,622		
FGTS	1,176		
Labor and civil			
Labor lawsuits	26,689	45,254	
Civil lawsuits	14,945	2,251	
Fees		3,751	
Non-current	**489,093**	**51,256**	**371,250**

	Parent Company and Consolidated		
	December 31, 2015		
	Fiscal and judicial deposits	Contingent liabilities	Tax obligations
Tax			
COFINS	6,709	6,709	
PIS	3,444	3,445	
Social contribution	369,247		353,107
Income tax	1,447	55,899	
Service tax (ISS)	986		
Social security			
National Institute of Social Security (INSS)	43,746		
FGTS	1,155		
Labor and civil			
Labor lawsuits	29,970	48,184	
Civil lawsuits	17,338	2,195	
Fees		3,752	
Non-current	**474,042**	**120,184**	**353,107**

21.1 Civil, labor, tax and social security lawsuits

The Company is a party in the following lawsuits, classified by nature, loss probability, value at risk and amounts provisioned in the table below:

	Parent Company and Consolidated		
	June 30, 2016		
	Number	Value at risk	Accounting balance (*)
Tax			
Probable	1	387,389	371,250
Possible	15	252,287	
Remote	1	200	
	17	**639,876**	**371,250**
Social security			
Possible	10	66,691	
Remote	2	18,578	
	12	**85,269**	
Labor and civil			
Probable	77	47,505	47,505
Possible	88	37,046	3,751
Remote	22	8,412	
	187	**92,963**	**51,256**

	Parent Company and Consolidated		
	December 31, 2015		
	Number	Value at risk	Accounting balance (*)
Tax			
Probable	2	407,561	407,561
Possible	14	194,543	11,600
Remote	1	200	
	17	**602,304**	**419,161**
Social security			
Possible	10	64,815	-
Remote	2	18,578	-
	12	**83,393**	**-**
Labor and civil			
Probable	79	50,379	50,379
Possible	83	34,701	3,751
Remote	22	7,786	0
	184	**92,866**	**54,130**

(*) The amount of R$ 371,250 (R$ 353,107 in December 31, 2015) is recorded as "Accounts payable – provision for taxes and contributions" and the amount of R$ 51,256 (R$ 120,184 in December 31, 2105) is recorded as contingent liabilities

The provisions recorded in "Tax liabilities" relate to the Company's legal obligations, which are currently being discussed in court and, therefore, their settlement depends on not yet final decisions. For these legal obligations, the Company provides 100% of the value at risk, regardless of the classification of loss by the legal firms in charge of the actions.

The provisions recorded in "Other debts" relate to interpretive matters that fall under the concept of contingent liability according to the "CPC 25 - Provisions, Contingent Liabilities and Contingent Assets" and, therefore, values at risk are only recorded for proceedings classified as probable risk. For the proceedings assessed as representing a possible risk, the mentioned standard requires only the disclosure in explanatory notes. The proceedings assessed as representing a remote risk are not required to be disclosed.

21.2 Changes in reserves for lawsuits

	Parent Company and Consolidated				
	December 31, 2015	Additions	Monetary updates	Disposals	June 30, 2016
Tax	**419,161**	**-**	**20,593**	**(68,504)**	**371,250**
COFINS (Note 21.3.2)	6,709		438	(7,147)	
PIS (Note 21.3.2)	3,445		225	(3,670)	
Social contribution (Note 21.3.5)	353,108		18,142		371,250
Income tax (Note 21.3.2)	55,899		1,788	(57,687)	
Social security	**-**	**-**	**-**	**-**	**-**
INSS (21.3.1)					
Labor and civil	**54,130**	**-**	**1,054**	**(3,928)**	**51,256**
Labor suits (21.3.3)	48,184		998	(3,928)	45,254
Cível	2,195		56		2,251
Fees	3,751				3,751
Final balance of the semester	**473,291**	**-**	**21,647**	**(72,432)**	**422,506**

	December 31, 2014	Additions	Monetary updates	Disposals	December 31, 2015
Tax	**349,576**	**33,977**	**35,608**	**-**	**419,161**
COFINS (Note 21.3.2)	6,021		688		6,709
PIS (Note 21.3.2)	3,091		354		3,445
Social contribution (Note 21.3.5)	286,867	33,977	32,264		353,108
Income tax (Note 21.3.2)	53,597		2,302		55,899
Social security	**40,296**	**-**	**2,533**	**(42,829)**	**-**
INSS (21.3.1)	40,296		2,533	(42,829)	
Labor and civil	**53,565**	**29,881**	**3,408**	**(32,725)**	**54,130**
Labor suits (21.3.3)	47,914	29,862	3,132	(32,725)	48,184
Cível	1,900	19	276		2,195
Fees	3,751				3,751
Final balance of the semester	**443,437**	**63,858**	**41,549**	**(75,554)**	**473,291**

21.3 Tax lawsuits

21.3.1 Brazilian Institute of Social Security - INSS and Service Tax - ISS

Due to the inspections made by the INSS and by the Attorney General of the City of Rio de Janeiro (ISS), notices of assessment were drawn up and tax proceedings were filed in 1999 and 1989, respectively, based on supposed discrepancies in the tax and social security classifications adopted by the Company.

The Company filed administrative proceedings in order to cancel the penalties in question, reserving the amount of R$ 45,622 concerning the cases brought by the INSS regarding the additional 2.5% due by companies as opposed to financial institutions.

In relation to the court dispute regarding the additional INSS 2.5%, on April 30, 2010, the Company was required to pay the judicial deposit of the values claimed at the time (R$ 23,291) and, then, on May 28, 2010, it complemented the deposit with the inclusion of legal charges (R$ 4,666). The amounts challenged concerning the INSS have been judicially deposited, amounting to R$ 45,622. Considering that the appeal to the Federal Supreme Court filed by IRB Brasil RE has been suspended since March 29, 2010, without any change in the procedural progress, and that the likelihood of loss in said proceeding remains as possible, based on the evaluation of the outside legal counsel, and on the assessment of the little probability of loss evidenced by the facts and the procedural progress of the cases, the Company believes that there is no requirement to maintain a provision, and also that such deposits were not made by court order, but only for the issue of the social security certificate of IRB Brasil RE at the time.

With regard to the ISS tax enforcement measures and considering the important conclusions found in the expert's report about the matter, issued in November 2012, which seems extremely favorable to the Company's interests, the lawyers defending the case classify the loss probability as possible. The Company's legal advisors classify as possible the loss probability on both legal claims (INSS and ISS).

21.3.2 Offset of Tax on Net Income (ILL) and Social Investment Fund (FINSOCIAL) credits

In October 2001, the Company filed Refund/Compensation Requests regarding the ILL amounts paid in the period between December 31, 1988 and December 31, 1992, and FINSOCIA paid in the period between October 1989 and December 1991, the unconstitutionality of which had already been acknowledged by the Supreme Federal Court.

During 2001 and 2002, the Company offset these tax credits with federal tax debts falling due. In November 2001, the Federal Revenue dismissed the requests for refund, claiming the extinction of the right to tax credits. Later, the Company appealed against the decision with the Tax Board obtaining, in both cases, favorable decisions in the appeal trial from the aforementioned Council.

In relation to the ILL administrative proceedings specifically, the Company was successful in the discussion of the facts involved and now only the discussion regarding the adjustment of the tax credits is pending, with the Company obtaining partial victory regarding the credit right to the ILL amounts (the historical value of the offset accepted by the Federal Revenue amounts to R$ 20,291 in March 2002), which have been ratified as part of the offsets carried out.

In this context, before the definitive decision in the administrative sphere the Company filed a suit, on March 2014, to judicially claim the parcel of the credits that were not recognized by the Brazilian Federal Revenue. Accordingly, on March 28, 2014, the Company judicially deposited the amounts charged through the debts mentioned, in order to end liability, in the amounts of R$ 5,573 for COFINS, R$ 2,861 for PIS and R$ 1,202 for income tax. These deposits, updated up to June 2016, amount to R$ 7,083, R$ 3,636 and R$ 1,527, respectively, and are fully reserved.

In relation to the FINSOCIAL administrative proceedings, the Company received, in February 2007, a notification to pay the approximate amount of R$ 33,836 related to FINSOCIAL credits offset against income tax payable, having filed a petition for Writ of Mandamus seeking the suspension of the collection of these tax debts until a final decision at the administrative level is issued. It is important to emphasize that the petition seeking suspension of the collection of the tax debts was granted by the judge, without the Company being required to make a judicial deposit of the related amount.

Considering the case law established by the STF (RE No. 566,621), under the general repercussion principle, with respect to the statute of limitations applicable to the requests of tax credit refunds claimed prior to the enactment of Complementary Law No. 118/2005 (10 years, on the grounds of the 5 plus 5 equation, that is, five years to ratify and five more years to reassess), the Company understands that it is virtually certain that the mentioned refund will be considered valid and, therefore, in June 2016 reversed the provision for IRPJ in the amount of R$ 57,687, which had been previously offset against the mentioned FINSOCIAL credits.

21.3.3 Labor lawsuits

The Company is a party to labor suits filed by active, retired and dismissed employees, which aim at, among other claims equally relevant, the standardization of career and salary plans, with consequent payment of salary differences. The Company's management, after individual analysis of these suits, has constituted a reserve for probable loss, considering those cases in the stages of settlement and enforcement of judgment.

The Company's external legal advisors estimate an updated amount of R$ 45,254 and classify the chances of loss in these lawsuits as probable. The labor suits classified as possible loss amount to R$ 21,669.

A civil class action was filed with the 75th Labor Court of Rio de Janeiro by the National Union of Workers in Reinsurance Entities (SINTRES) and the National Federation of Insurance Brokers (FENESPIC) against the Company, claiming the restoration of all benefits and funding method established in the health care plan maintained by the Company in the past, on a self-management basis, on the grounds that alleged unilateral changes that were detrimental to the Company's employees and retirees had been made to it. In addition to the restoration of the original conditions, they claim the payment of compensation for pain and suffering to employees who have been replaced and to unions. Considering that attempts to reach an agreement between the parties were not successful, the Court decided at the hearing held on October 14, 2014, to stay the proceedings pending final judgment related to the Consignment in Payment and the Declaratory Actions, both currently in progress at the 25th Labor Court of Rio de Janeiro, considering the existing discussion about the lack of registration of SINTRES with the Ministry of Labor. The total amount involved is R$ 12,500, and the Company's legal advisors consider the risk of loss in this matter as possible.

On November 25, 2014, a court order was issued, which maintained the stay of the action and determined that the Labor Prosecution Office (MPT) was notified considering its possible involvement in the case in order to enable the continuation of the action. At present, therefore, we are awaiting the pronouncement of the MPT.

21.3.4 Social contribution on income

With the publication of Provisional Measure - MP 413/08, which became Law No. 11,727 of June 23, 2008, there was an increase in the CSLL tax rate from 9% to 15% for private corporations, financial institutions and equivalent societies, as from May 2008.

In June 2008, the Company lodged a Writ of Mandamus, challenging the constitutionality of such a tax rate increase, constituting a reserve and judicially depositing the amounts challenged. At June 3o, 2016, the amount judicially deposited, updated for payment of the CSLL, is R$ 387,389 (Note 21).

Petition for Writ of Mandamus filed on October 30, 2015 (Increase of the CSLL rate from 15% to 20%):

On October 30, 2015, the Company filed a petition for writ of mandamus, challenging Provisional Measure No. 675 of May 21, 2015, converted into Law 13,169 of October 7, 2015, which, by changing the provisions of Article 3, Item I of Law 7,689 of December 15, 1988, increased the rate of the Social Contribution on Net Income (CSLL) charged on private insurance companies and financial and similar institutions from 15% to 20% in September 2015. In November 2015, a decision was issued in respect of the court files of the Writ of Mandamus rejecting the injunction requested by alleging that the discussion about the increase of the CSLL rate on financial and similar institutions would not be a new matter, considering the previous enactment of Provisional Measure No. 413/2008, which was further converted into Law 11,727/2008, and which is pending judgment by the Federal Supreme Court (STF) (Interpretative Declaratory Act (ADI) No. 4,101). In this context, a request for clarification of the aforesaid decision was filed, alleging omission of the arguments described in the claim about a clear difference between the economic capacity of the financial institutions and that of the insurance companies. It is important to emphasize that the Company elected not to make any other judicial deposits of the controversial portion of this contribution, but to pay monthly to the public coffers, the full amount of the contribution due (20%), that is, both the noncontroversial portion (9%) and the controversial portion (11%).

22 Labor provisions

	Parent Company and Consolidated	
	June 30, 2016	December 31, 2015
Provision for vacancies	9,900	7,209
Provision for bonus leave and private social security	3	3
	9,903	**7,212**

23 Equity

23.1 Capital

On December 29, 2014, the 47th Extraordinary General Meeting of IRB Brasil RE approved a stock split, in the proportion of 300 (three hundred) common shares for each current common share issued by the Company, with no change in the value of the share capital, as approved by the Administrative Board at a meeting on October 24, 2014, making the share capital up, represented by 312,000,000 common shares and one special class preferred share owned by the union.

On June 30, 2016, the shareholding of IRB Brasil RE was as follows:

Shareholders	ON	% interest in voting capital
Ministry of Finance	36,458,237	11.73%
Banco do Brasil	63,726,600	20.51%
Bradesco	63,726,600	20.51%
Itaú	46,605,000	15.00%
FIP - Caixa Barcelona	30,743,700	9.90%
Fundo de Garantia de Operações de Crédito Educativo	49,161,763	15.82%
Others	20,277,000	6.53%
	310,698,900	**100.00%**

23.2 Treasury shares

In September 2013, the Company acquired 1,301,100 shares of its own issuance, which represent R$ 10,531, owned by the then shareholder Companhia de Seguros de São Paulo. On July 31, 2014 the Company acquired 283,500 shares of its own issuance, which had been owned by the then shareholder Caixa Geral S.A. - Seguradora, which together become 1,584,600 shares representing R$ 12,956.

23.3 Revenue reserves

The legal reserve is constituted at 5% of net income for the year, with a limit of 20% of share capital, according to the provisions of Law No. 6,404 of December 16, 1976. The objective of the legal reserve is to ensure the integrity of the share capital and it can only be used to offset losses or to increase the capital.

The reinvestment reserve is constituted based on the proposal of the Company's management bodies based on budget forecast, and determined by a general meeting for a reserve of net profit based on Article 196, paragraph 1 of Law 6,404 of December 15, 1976. The balance of this reserve is limited to the Company's share capital and it is for investment projects.

The Company prepaid in the year interest on capital to the shareholders in the amount of R$ 113,800 to the revenue reserve account.

23.4 Carrying value adjustments

The changes are as follows:

	Parent Company and Consolidated	
	June 30, 2016	June 30, 2015
At the beginning of the year	**(80,405)**	**(28,788)**
Net gain (loss) arising from fair value of financial assets available-for-sale in the period	93,726	(19,791)
Unrealized gains with marketable securities - subsidiaries	131	15
Remeasurement of obligations of post-employment benefits	(20,458)	37,144
Remeasurement of obligations of post-employment benefits - subsidiaries	479	(196)
Income tax and social contribution on the variation of the assessment of the financial assets available-for-sale at fair value	(42,177)	7,916
Income tax and social contribution on the variation of the remeasurement obligations of post-employment benefits	8,412	(14,857)
Exchange differences due to translation of the assets of operations abroad	(237)	3,073
At the end of the period	**(40,529)**	**(15,484)**

The exchange differences relating to the translation of the net assets of the Company's operations abroad from their functional currencies into the Company's presentation currency are recognized in equity and accumulated in the translation-accumulated adjustments.

23.5 Earnings per share - basic and diluted

According to the provisions of CPC Technical Pronouncement 41, the tables below reconcile the net profit for the semester with the amounts used to calculate the basic diluted results per share.

The basic earnings per share are calculated by dividing the net profit for the semester by the weighted average of the outstanding shares in the period. The calculation of the basic earnings per share is as follows:

	Parent Company and Consolidated	
	June 30, 2016	June 30, 2015
Numerator		
Net income	414,365	342,361
Denominator (number of shares in units)		
Weighted average of number of outstanding common shares	310,698,900	310,698,900
Earnings per share	**1.33**	**1.10**

The Reinsurer has not issued and/or granted equity instruments that should be considered for the purpose of calculation of the diluted earnings per share, according to CPC Technical Pronouncement 41. Accordingly, the diluted earnings per share do not present a difference in relation to the calculation of the basic earnings per share shown above.

24 Details of the statement of income

On June 30, 2016 and 2015, the earned premiums, loss ratio and commission for the main lines were as follows:

24.1 Earned premiums - main operation groups

	Parent Company and Consolidated					
	June 30, 2016					
	Premiums issued gross amount	Reinsurance commission	Changes in technical reserves - premium	Changes in technical reserves - commission	Other technical reserves	Earned premiums
Property	708,125	(51,883)	(97,190)	4,050	(1,761)	561,341
Special risks	147,110	(391)	69,002	(7,686)	(311)	207,724
Casualty	73,926	(4,260)	(9,257)	366	(3)	60,772
Hull	1,054	-	57	5	-	1,116
Motor	12,948	(2,631)	4,123	(1,538)	(8)	12,894
Cargo	107,426	(11,181)	(172)	(1,714)	(278)	94,081
Financial risks	140,996	(43,079)	(39,970)	11,774	(4,205)	65,516
Credit	(1,899)	570	(4)	1	-	(1,332)
Life	170,342	(50,439)	(7,511)	37,856	(19)	150,229
Mortgage	35,625	(5,641)	1,601	(350)	90	31,325
Agriculture	380,490	(90,599)	30,182	(7,655)	328	312,746
Marine	75,839	(1,773)	(19,818)	1,926	5	56,179
Aviation	80,596	(6,121)	(5,338)	886	(281)	69,742
Others	594,160	(86,068)	(35,216)	(1,308)	(11,703)	459,865
Total	**2,526,738**	**(353,496)**	**(109,511)**	**36,613**	**(18,146)**	**2,082,198**

	Parent Company and Consolidated					
	June 30, 2016					
	Premiums issued gross amount	Reinsurance commission	Changes in technical reserves - premium	Changes in technical reserves - commission	Other technical reserves	Earned premiums
Property	608,661	(38,415)	11,330	(1,042)	(4,937)	575,597
Special risks	198,506	(3,029)	(20,823)	2,398	106	177,158
Casualty	47,789	(2,446)	(4,978)	(95)	-	40,270
Hull	1,231	20	511	4	5	1,771
Motor	15,394	(2,452)	(1,993)	(33)	58	10,974
Cargo	99,103	(14,635)	5,984	94	506	91,052
Financial risks	103,033	(30,084)	(23,627)	8,782	1,468	59,572
Credit	(919)	93	564	(53)	481	166
Life	93,627	(5,355)	(20,408)	1,495	12,972	82,331
Mortgage	72,113	(15,138)	(7,133)	2,222	3,384	55,448
Agriculture	214,149	(54,242)	68,009	(14,564)	(1,434)	211,918
Marine	68,538	(3,129)	(8,333)	283	12	57,371
Aviation	85,525	(7,750)	395	2,320	18	80,508
Others	400,422	(70,155)	(92,762)	13,604	(2)	251,107
Total	**2,007,172**	**(246,717)**	**(93,264)**	**15,415**	**12,637**	**1,695,243**

24.2 Incurred claims - main operation groups

	Parent Company and Consolidated			
	June 30, 2016			
	Direct claims	Salvage and reimbursements	IBNR variation	Incurred claims
Property	(366,172)	8,322	24,923	(332,927)
Special risks	94,279	-	8,613	102,892
Casualty	(71,988)	-	1,874	(70,114)
Hull	(7,897)	-	(82,797)	(90,694)
Motor	(29,648)	747	3,918	(24,983)
Cargo	(67,056)	14,921	1,354	(50,781)
Financial risks	11,152	866	42,089	54,107
Credit	(1,654)	9,878	7,454	15,678
Life	(71,676)	-	(5,742)	(77,418)
Mortgage	(3,868)	-	774	(3,094)
Agriculture	(327,340)	18	10,735	(316,587)
Marine	(28,780)	303	5,808	(22,669)
Aviation	(121,411)	21,965	(79,104)	(178,550)
Others	(320,293)	615	(16,635)	(336,313)
	(1,312,352)	**57,635**	**(76,736)**	**(1,331,453)**

	Parent Company and Consolidated			
	June 30, 2015			
	Direct claims	Salvage and reimbursements	IBNR variation	Incurred claims
Property	(266,276)	1,804	(115,950)	(380,422)
Special risks	(21,973)	-	(4,602)	(26,575)
Casualty	(12,750)	-	(13,019)	(25,769)
Hull	5,666	33	(19,519)	(13,820)
Motor	(34,511)	13	3,446	(31,052)
Cargo	(42,021)	4,498	(3,421)	(40,944)
Financial risks	126,735	10,106	(81,719)	55,122
Credit	(900)	1,916	(5,331)	(4,315)
Life	(57,274)	-	(3,437)	(60,711)
Mortgage	(8,910)	-	600	(8,310)
Agriculture	(170,732)	11	3,961	(166,760)
Marine	(10,801)	9	(7,015)	(17,807)
Aviation	(66,552)	117	(7,768)	(74,203)
Others	(126,420)	2,712	(151)	(123,859)
	(686,719)	**21,219**	**(253,925)**	**(919,425)**

24.3 Acquisition costs

	Parent Company and Consolidated	
	June 30, 2016	June 30, 2015
Property	(9,879)	(8,822)
Special risks	(6,724)	(14,781)
Casualty	(1,364)	(1,445)
Hull	(53)	(31)
Motor	(331)	(342)
Cargo	(3,291)	(3,303)
Financial risks	(510)	(552)
Life	(325)	(579)
Mortgage	(82)	(35)
Agriculture	(309)	(100)
Marine	(4,436)	(15,143)
Aviation	(2,457)	(2,254)
Others	(27,799)	(2,576)
	(57,560)	**(49,963)**

24.4 Results of retrocession

	Parent Company and Consolidated	
	June 30, 2016	June 30, 2015
Revenue from retrocessions	**293.465**	**196.843**
Recovery of incurred claims	234.184	18.639
IBNR recovery	59.281	178.204
Expenses of retrocessions	**(630.504)**	**(628.265)**
Premium of retrocessions ceded	(725.437)	(662.563)
Commission on retrocessions ceded	50.403	58.299
Variation of technical reserves - Premium ceded	44.093	(10.950)
Variation of technical reserves - Comission ceded	437	(13.051)
Salvage and reimbursements to the retrocessionaire	**(37.032)**	**(11.368)**
Others results of retrocession	**10.378**	**1.695**
Total result of retrocession	**(363.693)**	**(441.095)**

24.5 Other operating revenue and expenses

	Parent Company		Consolidated	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Share in operating results - reinsurance and retrocession	(17.424)	(22.279)	(17.424)	(22.279)
Recovery of Agricultural Insurance Stability Fund (*)	-	33.061	-	33.061
Reversal (constitution) of reserve for credit risks	31.718	(28.421)	31.718	(28.421)
Recovery (loss) of other reinsurance revenue	612	575	612	575
Expenses of risk inspection	(1.118)	(1.394)	(1.118)	(1.394)
Other operating revenue and expenses	(2.154)	(12.599)	(1.277)	(11.260)
	11.634	**(31.057)**	**12.511**	**(29.718)**

(*) Up to 2014, IRB Brasil RE, as a participant of the Rural Insurance Stability Fund (FESR), had a protection for the agricultural segment through its participation in FESR. Therefore, the Company had an obligation to the fund, referring to the assumption of risks on behalf of the reinsurer. In 2015, the Company opted for protection directly with its retrocession contracts, and did not participate in the Fund.

24.6 Administrative expenses

	Parent Company		Consolidated	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Own staff	(51,375)	(63,032)	(64,023)	(76,527)
Reversal of post-employment benefits	(1,481)	(11,245)	(1,481)	(11,245)
Third-party services	(23,611)	(22,744)	(23,653)	(22,779)
Location and operation	(21,320)	(16,973)	(21,513)	(17,133)
Advertising and marketing	(5,644)	(1,453)	(5,644)	(1,453)
Judicial expenses	(176)	(185)	(200)	(185)
Fines	(58)	(48)	(58)	(48)
Other expenses	(7,926)	(3,966)	(8,987)	(4,922)
	(111,591)	**(119,646)**	**(125,559)**	**(134,292)**

24.7 Tax expenses

	Parent Company	
	June 30, 2016	June 30, 2015
COFINS	(44,264)	(28,281)
PIS/PASEP	(7,712)	(5,011)
Tax reserves - net	(2,112)	(1,632)
SUSEP inspection fees	(1,269)	(923)
Property taxes	(11,187)	-
Taxes and contributions with branches abroad	(5,061)	(6,720)
Others	(6,983)	(4,189)
Subtotal	**(78,588)**	**(46,756)**

	Consolidated	
	June 30, 2016	June 30, 2015
COFINS	(44,264)	(28,281)
PIS/PASEP	(7,712)	(5,011)
Tax reserves - net	(2,112)	(1,632)
SUSEP inspection fees	(1,269)	(923)
Property taxes	(11,187)	-
Taxes and contributions with branches abroad	(5,061)	(6,720)
Others	(7,309)	(4,189)
Subtotal	**(78,914)**	**(46,756)**

24.8 Financial results

	Parent Company		Consolidated	
Description	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Marketable securities	157,071	521,743	157,970	523,648
Fair value through profit or loss	(98,147)	143,390	(98,147)	142,655
Available for sale	241,981	276,343	242,880	278,984
Held to maturity	13,237	102,010	13,237	102,009
Reinsurance operartions	257,663	(104,514)	257,663	(104,514)
Exchange variation on bank accounts	(20,239)	6,631	(20,239)	6,631
Monetary update and other financial charges	39,970	(2,014)	39,970	(3,231)
Interest	(800)	714	(800)	714
Others	656	1,195	656	1,195
	434,321	**423,755**	**435,220**	**424,443**

Financial revenue

Description	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Valuation of investment fund quotas	28,696	54,086	28,799	54,086
Fixed-income securities - private	45,953	336,227	45,953	338,132
Fixed-income securities - public	307,459	251,483	307,459	251,483
Reinsurance operartions	338,079	195,835	338,079	195,835
Exchange variation on bank accounts	109	22,096	109	22,096
Monetary update and other financial charges	91,040	43,520	91,040	41,619
Interest	874	902	874	902
Others	2,215	1,253	2,215	1,253
	814,425	**905,402**	**814,528**	**905,406**

Financial costs

Description	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Devaluation of investment fund quotas and of private and public securities	(225,037)	(120,053)	(224,241)	(120,053)
Reinsurance operartions	(80,416)	(300,349)	(80,416)	(300,349)
Exchange variation on bank accounts	(20,348)	(15,465)	(20,348)	(15,465)
Monetary update and other financial charges	(51,070)	(45,534)	(51,070)	(44,850)
Interest	(1,674)	(188)	(1,674)	(188)
Others	(1,559)	(58)	(1,559)	(58)
	(380,104)	**(481,647)**	**(379,308)**	**(480,963)**

24.9 Equity result

	Parent Company		Consolidated	
Description	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Direct operating income arising from property for investment	16,665	22,161	25,583	22,161
Direct operating expenses arising from property for investment	(1,794)	(2,768)	(1,794)	(2,768)
Equity in results of subsidiaries	6,766	291	-	-
Reserve for impairment of investment (*)	202	(21,735)	202	(21,735)
Other operating income	176	197	176	234
Other operating expenses	(320)	(48)	(1,036)	(48)
	21,695	**(1,902)**	**23,131**	**(2,156)**

(*) The Company accounted for the reserve for impairment of investments of 100% of its share in IRB International, the carrying amount of which totaled R$ 20,821 on June 30, 2016 (R$ 23,199 on December 31, 2016), due to the low expectation of realizing the net assets at market value, according to a report prepared by an independent consulting company.

24.10 Income tax and social contribution

(a) Reconciliation of income tax and social contribution

	Parent Company			
	June 30, 2016		June 30, 2015	
	IRPJ	CSLL	IRPJ	CSLL
Profit before reserve for IRPJ/CSLL and profit sharing	595,054	595,054	496,250	496,250
Effective nominal rate	25%	20%	25%	15%
IRPJ and CSLL at nominal rate	(148,764)	(119,011)	(124,062)	(74,438)
Permanent additions and exclusions:				
Maternity leave allowance	(24)	(20)	(13)	(8)
Managers' compensation	(57)	(46)	(814)	(488)
Interest on capital	28,450	22,760	19,750	11,850
Tax incentives	(854)	(683)	(207)	(124)
Income tax deduction – incentives/adjustments	2,499		1,190	
Charges for depreciation and amortization	(240)	(192)	(406)	(243)
Losses on operations carried out abroad	(42)	(33)	(20)	(12)
Others additions and exclusions	(1,777)	(3,439)	2,304	1,383
Investments	4,611	3,689	7,388	4,433
Provision for loss (healf plan pre 68)	660	528	(845)	(507)
Agriculture insurance	2,658			
Adjustments prior periods	28,637			
IR and CS in the statement of income	**(84,242)**	**(96,447)**	**(95,735)**	**(58,154)**
Current	(50,953)	(67,678)	(113,747)	(68,962)
Deferred	(33,289)	(28,769)	18,012	10,808

	Consolidated			
	June 30, 2016		June 30, 2015	
	IRPJ	CSLL	IRPJ	CSLL
Profit before reserve for IRPJ/CSLL and profit sharing	595.922	595.922	496.297	496.297
Effective nominal rate	25%	20%	25%	15%
IRPJ and CSLL at nominal rate	(148.981)	(119.184)	(124.074)	(74.445)
Permanent additions and exclusions:				
Maternity leave allowance	(24)	(20)	(13)	(8)
Managers' compensation	(57)	(46)	(814)	(488)
Interest on capital	28.450	22.760	19.750	11.850
Tax incentives	(854)	(683)	(207)	(124)
Income tax deduction – incentives/adjustments	2.499		1.142	
Charges for depreciation and amortization	(240)	(192)	(406)	(243)
Losses on operations carried out abroad	(42)	(33)	(8)	(5)
Others additions and exclusions	(2.192)	(3.502)	2.305	1.383
Investments	4.611	3.689	7.388	4.433
Provision for loss (healf plan pre 68)	660	528	(845)	(507)
Agriculture insurance	2.658			
Adjustments prior periods	28.637			
IR and CS in the statement of income	**(84.874)**	**(96.683)**	**(95.782)**	**(58.154)**
Current	(51.585)	(67.914)	(113.794)	(68.962)
Deferred	(33.289)	(28.769)	18.012	10.808

Law 13,169/2015

On October 6, 2015, the Provisional Measure No. 675 was converted into Law 13,169, whereby the CSLL rate was increased for financial institutions and those considered as such, as defined in Article 22, paragraph 1, of Law 8,212/1991, namely, credit, financing and investment companies, real estate credit companies, brokerage firms, securities dealers, leasing companies, credit unions, private insurance and capitalization companies, self-employed credit and insurance agents, and open and closed pension fund entities.

Therefore, the CSLL rate increased from 15% to 20%, for the period from September 1, 2015 to December 31, 2018. As from January 1, 2019 the rate will return to the rate of 15%.

(b) Changes in the deferred IRPJ and CSLL accounts

	Parent Company and Consolidated					
	At December 31, 2015	Addition	Write-off	Recognized in the results	Recognized in comprehensive income	At June 30, 2016
Deferred tax assets						
Labor provision	130,740	29,706		29,706		160,446
Provision for devaluation of the investment	109,256		(6,466)	(6,466)		102,790
Provision for impairment of trade receivables	135,969		(31,122)	(31,122)		104,847
Provision for tax and social security contingencies	72,886		(17,505)	-17,505		55,381
Market value adjustment - securities available-for-sale	72,769		(42,177)		(42,177)	30,592
Actuarial gains or losses - post-employment benefits	(33,382)	11,782		3,370	8,412	(21,600)
Provision for labor contingencies	21,684		(1,794)	(1,794)		19,890
Market value adjustment - investment	18,847		(39,606)	(39,606)		(20,759)
Other provision	4,328	11,265		11,265		15,593
Total deferred tax assets	**533,097**	**52,753**	**(138,670)**	**(52,152)**	**(33,765)**	**447,180**

	At December 31, 2015	Addition	Write-off	Recognized in the results	Recognized in comprehensive income	At June 30, 2016
Deferred tax liabilities						
Updated judicial deposits	(52,406)		(9,903)	(9,903)	-	(62,309)
Total deferred tax liabilities	**(52,406)**	**-**		**(9,903)**		**(62,309)**
Total net	**480,691**	**52,753**	**(148,573)**	**(62,055)**	**(33,765)**	**384,871**

25 Retirement and pension plans and other benefits to employees

The Company sponsors the Social Security Foundation of the Employees of the Institute of Reinsurance of Brazil ("PREVIRB"), which ensures to its participants and their dependents benefits complementary to the basic official social security. The plans offered are of defined benefit (closed) and of variable contribution (open) types, with the capitalization regime being adopted on actuarial evaluations for retirement income. The contribution made by the Company to PREVIRB in 2016, including the pre-68 plan (benefits paid to employees hired up to December 31, 1968) amounted to R$ 11,673 (R$ 20,066 on December 31, 2015).

Also, the Company offers the following benefits:

a. Full funding of supplementary retirement and death benefits for employees hired up to December 31, 1968; supplementary retirement improvement for civil servants retired up to February 28, 1975 and pension improvement for beneficiaries of civil servants deceased up to February 28, 1975.

b. Health plan under a self-management scheme for active and retired employees. For employees hired up to 2004, their dependents may include spouses, children and parents who earn less than one minimum wage per month. For employees hired as from that year, their dependents may include only their spouses and children. For this group, IRB Brasil RE bears 50% of the cost of the plan and employees bear the other portion equivalent to the remaining 50%. The employee's contribution is deducted monthly from their salary and varies depending on the hiring date and age.

c. Funeral grant for employees hired up to October 31, 1996. The benefit is limited to R$ 1,344.87 for basic funeral costs, R$ 1,554.63 for cremation and R$ 2,640.80 for funeral costs and cremation.

d. Health insurance for employees hired up to 1998. For these employees IRB Brasil RE bears 100% of the insurance premium and for employees hired after that year it bears 50% of the insurance premium. In such a case, the employee’s sharing of the costs of the health insurance is optional.

Based on the projected unit credit method, actuarial valuations of the plan assets and the present value of the obligation related to the benefits offered were carried out recently. The valuations for 2016 and 2015 were carried out by IRB Brasil RE’s actuaries, Debora Pereira Tavares, Member of the Brazilian Actuarial Institute (MIBA) No. 2011 and Fernanda Pinheiro Gomes, MIBA No. 1894.

The main actuarial assumptions used were as follows:

	Post-employment benefits plan managed by PREVIRB		Post-employment benefits plan managed by IRB	
Economic hypothesis	**At June 30, 2016**	**At December 31, 2015**	**At June 30, 2016**	**At December 31, 2015**
Discount real rate (*)	6.25%	7.50%	6.25%	7.50%
Nominal rate of expected return of the assets	INPC + 6,25% p.a.	INPC + 4,00% p.a.	INPC + 6,25% p.a.	INPC + 7,50% p.a.
Salary real growth projection	Not applicable	Not applicable	Not applicable	Not applicable
Real growth projection of the highest salary of INSS benefit	Zero	Zero	Not applicable	Not applicable
Real growth projection of the plan's benefits	Zero	Zero	Not applicable	Not applicable
Future generations of new entrants hypothesis	Not adopted	Not adopted	Not applicable	Not applicable
Turnover hypothesis	Plan A: Not adopted Plan B: 1,25% up to 60 years	Plan A: Not adopted Plan B: 1,25% up to 60 years	Health Care: 1,25% up to 60 years Other plans: Not applicable	Health Care: 1,25% up to 60 years Other plans: Not applicable
Factors to determine the real value over time, benefits INSS and of the plan	Not adopted	Not adopted	Not applicable	Not applicable
Demographic hypothesis				
Survival table	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE	AT-2000 MALE and FEMALE
Disability entries table	MI-85	MI-85	MI-85	MI-85
Disability entries table	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS	ÁLVARO VINDAS

(*) The discount rate was determined according to CVM instruction 695, based on the rate of the federal public securities (NTN-B) with the indexes and terms expected from of post-employment benefit obligations.

25.1 Variable contribution plans

The Company is the sponsor of Social Security Plan B (a variable contribution plan) as from 2004. The assets of the plan are held separately from those maintained by the Company in funds managed by trustees.

The total expense incurred by the Company, on June 30, 2016, was R$ 2,470 (R$ 4,475 on December 31, 2015), recognized in the statement of income, refers to contributions paid by the Company at rates specified by this plan's rules.

In the actuarial evaluation made by IRB Brasil RE's actuaries, a technical surplus of R$ 37,321 (R$ 20,645 on December 31, 2015) was found in PREVIRB that, in line with the accounting practices adopted in Brazil, was not accounted for by the sponsor.

25.2 Defined benefit plans

The Company grants defined benefit retirement plans (Benefits Plan A and pre-68 Plan) for the employees who qualify. According to this plan, the employees are entitled to compensation calculated based on the monthly stipend, calculated on the date of their retirement.

The total expense incurred by the Company for Plan A of R$ 9 (R$ 55 on December 31, 2015), recognized in the statement of income, relates to contributions paid by the Company at rates specified by this plan's rules.

In the actuarial evaluation for Plan pre-68 made by IRB Brasil RE's actuaries, a reserve of R$ 134,746 (R$ 147,906 on December 31, 2014) was accounted for by the sponsor, in line with the accounting practices adopted in Brazil and IFRS.

A technical surplus of R$ 852,162 at June 30, 2016 (R$ 692,912 at December 31, 2015) was determined, which, in line with accounting practices adopted in Brazil, was not recorded by the sponsor.

The change in the fair value of the Plan A liability in the current semester/year is as follows:

	At June 30, 2016	At December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	983,964	1,303,641
Cost of current services	-	168
Interest cost	62,504	109,040
Actuarial loss (gain)	(51,137)	(334,234)
Benefits paid	18,545	(94,650)
Present value of the actuarial liabilities	**1,013,876**	**983,964**

The change in the fair value of the Plan A liability in the current semester/year is as follows:

	At June 30, 2016	At December 31, 2015
Opening fair value of the plan's assets	1,676,876	1,631,218
Return on investments	112,546	137,641
Employer's contributions	(51,137)	54
Plan participants' contributions	9	2,545
Benefits paid	36	(94,650)
Earnings on assets	127,708	68
Closing fair value of the plan's assets	**1,866,038**	**1,676,876**

The amount recognized in the balance sheet arising from the Company's obligations relating to this defined benefit plan is as follows:

	At June 30, 2016	At December 31, 2015
Present value of the defined benefit liabilities funded	(1,013,876)	(983,964)
Fair value of the plan's assets	1,866,038	1,676,876
Financial position	852,162	692,912
Efeito do teto de ativos	(852,162)	(692,912)
Net assets arising from the defined benefits liabilities	**-**	**-**

The resources to ensure the PREVIRB's reserves are as follows

	At June 30, 2016	At December 31, 2015
Cash and cash equivalents	52	116
Realizable investments		
Public securities	1,271,417	1,208,647
Private credits and deposits	413,349	380,379
Shares	26,126	26,626
Investment funds	90,102	92,625
Real estate investments	86,905	87,747
Borrowings and financing	5,343	4,707
	1,893,294	**1,800,847**
Operating liability investments		
Borrowings and financings	-	(91)
Others liabilities (IOF) / Rent and Income	(10)	(5)
	(10)	**(96)**
Investment contingency liabilities	**(22,600)**	**(22,509)**
Guaranteeing funds	**1,870,684**	**1,778,242**

Pre-68 Plan

The Company has a technical provision for liabilities related to the above mentioned benefits, covering 274 members at June 30, 2016 (285 at December 31, 2015), including 262 retirees and 12 pensioners, with an average age of 83.13 years (82.84 years at December 31, 2015).

Total expenses incurred by the Company for the Plan amounted to R$ 9,191 (R$ 15,536 in December 2015) and refers to benefits paid by the Company to participants/beneficiaries, according to the regulations of the plan.

In this actuarial valuation, the accrued balance was R$ 138,495 (R$ 119,778 at December 31, 2014), in line with accounting practices adopted in Brazil.

The change in the fair value of the Plan A liability in the current semester/year is as follows:

	At June 30, 2016	At December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	119,778	147,906
Interest cost	7,788	13,457
Actuarial loss (gain)	20,123	(26,049)
Benefits paid	(9,194)	(15,536)
Present value of the actuarial liabilities	**138,495**	**119,778**

The change in the fair value of the Plan A assets in the current year is as follows:

	At June 30, 2016	At December 31, 2015
Opening fair value of the plan's assets	170,443	-
Employer's contributions	(9,194)	185,979
Benefits paid	9,194	(15,536)
Closing fair value of the plan's assets	**170,443**	**170,443**

The amounts determined in profit or loss in June 2016 and the projected amounts for the year from July 2016 to May 2017 are as follows:

	At June 30, 2017	At June 30, 2016
Interest cost	21,707	14,855
Revenue at the end of the semester	**21,707**	**14,855**

The amount recognized in the balance sheet arising from the Company's obligations related to this plan is presented below:

	At June 30, 2016	At December 31, 2015
Present value of the defined benefit liabilities funded	(138,495)	(119,778)
Fair value of the plan's assets	170,443	170,443
Surplus (Deficit)	**31,948**	**50,665**

It should be noted that the fair value of assets is based on the Agreement entered into between IRB Brasil RE and PREVIRB in December 2015, for migrating the operations related to the payments of social security benefits under the Pre-68 Plan. This amount may be reviewed by the parties periodically.

25.3 Other employee benefits

Health and dental assistance

Changes in the present value of the Medical Plan’s obligation in the current six-month period are presented below:

	June 30, 2016	December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	190,576	225,356
Interest cost	10,905	21,345
Actuarial loss (gain)	(12,496)	(35,851)
Benefits paid	150	(21,102)
Present value of the actuarial liabilities	**189,549**	**190,576**

Changes in the fair value of the Medical Plan's assets in the current year are presented below:

	June 30,	December
Employer's contributions	9,331	17,346
Plan participants' contributions	3,165	3,756
Benefits paid	(12,496)	(21,102)
Closing fair value of the plan's assets	**-**	**-**

The amounts determined in profit or loss in June 2016 and the projected amounts for the year from July 2016 to May 2017 are as follows:

	June 30, 2017	June 30, 2016
Cost of current services	345	425
Interest cost	21,810	25,736
Expected amount of employees' contributions	(3,244)	-
Revenue at the end of the semester	**18,911**	**26,161**

The amount recognized in the balance sheet arising from the Company's obligations related to this plan is presented below:

	June 30, 2016	December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	190,576	225,356
Interest cost	10,905	21,345
Actuarial loss (gain)	(12,496)	(35,851)
Benefits paid	150	(21,102)
Present value of the actuarial liabilities	**189,549**	**190,576**

Funeral assistance

Changes in the present value of the Funeral Assistance's obligation in the current six-month period are presented below:

	June 30, 2016	December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	1,360	1,733
Interest cost	91	164
Actuarial loss (gain)	140	(478)
Benefits paid	(29)	(59)
Present value of the actuarial liabilities	**1,562**	**1,360**

Changes in the fair value of the Funeral Assistance's assets in the current six-month period are presented below:

	June 30,	December
Employer's contributions	29	59
Benefits paid	(29)	(59)
Closing fair value of the plan's assets	**-**	**-**

The amounts determined in profit or loss in June 2016 and the projected amounts for the year from July 2016 to May 2017 are as follows:

	June 30, 2017	June 30, 2016
Interest cost	182	175
Expense at the end of the period	**182**	**175**

The amount recognized in the balance sheet arising from the Company's obligations related to this plan (Funeral Assistance) is presented below:

	June 30, 2016	December 31, 2015
Present value of the liabilities of defined benefits	(1,562)	(1,360)
Net assets arising from the defined benefits	**(1,562)**	**(1,360)**

Group life insurance

Changes in the present value of the life insurance's obligation in the current six-month period are presented below:

	June 30, 2016	December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	969	1,347
Interest cost	57	123
Actuarial loss (gain)	44	(364)
Benefits paid	(67)	(137)
Present value of the actuarial liabilities	**1,003**	**969**

Changes in the fair value of the Life Insurance's assets in the current six-month period are presented below:

	June 30,	December
Employer's contributions	67	137
Benefits paid	(67)	(137)
Closing fair value of the plan's assets	**-**	**-**

The amounts determined in profit or loss in June 2016 and the projected amounts for the year from July 2016 to May 2017 are as follows:

	June 30, 2017	June 30, 2016
Interest cost	113	121
Expense at the end of the period	**113**	**121**

The amount recognized in the balance sheet arising from the Company's obligations related to this plan is presented below:

	June 30, 2016	December 31, 2015
Present value of the actuarial liabilities at the beginning of the year	969	1,347
Interest cost	57	123
Actuarial loss (gain)	44	(364)
Benefits paid	(67)	(137)
Present value of the actuarial liabilities	**1,003**	**969**

25.4 IRB-Brasil RE's total obligation

The composition between current and non-current of the provision for post-employment benefits payable by the IRB-Brasil RE is as follows:

However, there is an additional liability related to the Debt Agreement entered into between IRB-Brasil RE and PREVIRB to be recognized, which represents the difference between the amount of the Debt Agreement (R$ 170,443) and the amount determined for CVM purposes, as shown above (R$ 138,495). Currently, this difference amounts to R$ 31,948 and its composition between current and non-current is as follows:

	June 30, 2016	December 31, 2015
Current		
Supplementary retirement and pension benefits	1.936	3.571
	1.936	**3.571**
Non-current		
Supplementary retirement and pension benefits	30.012	47.093
	30.012	**47.093**

Therefore, total liabilities recorded are presented below:

	June 30, 2016	December 31, 2015
Current		
Supplementary retirement and pension benefits	22,971	20,431
Health and dental assistance	12,597	13,789
Health and dental assistance - the incurred but not reported	2,506	1,132
Group life insurance	125	129
Funeral assistance	108	101
	38,307	**35,582**
Non-current		
Supplementary retirement and pension benefits	147,472	150,012
Health and dental assistance	176,952	176,787
Group life insurance	877	839
Funeral assistance	1,455	1,259
	326,756	**328,897**

25.5 Consolidation of effects – Post-employment benefits

In accordance with IAS 19 (R1), the consolidated amounts of benefits to employees, as well as the accounting procedures adopted are presented below.

The amounts recognized in the Statement of Income for the Period and in Equity – Other Comprehensive Income were as follows:

Total amounts recognized in the statement of income for the period

	Defined benefits		Other benefits		Other provisions (PEONA)		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Cost of services			414	414			414	414
Interest cost	7,787	6,729	11,053	10,816			19	18
Benefits paid	(9,194)		(12,592)	(6,341)			(22)	(6)
Other changes			(324)	(496)	1,375	123	(323)	(373)
Total amounts recognized	**(1,406)**	**6,729**	**(1,449)**	**(4,393)**	**1.375**	**123**	**(1,481)**	**11,245**

Total amounts recognized in the statements of comprehensive income for the period

	Defined benefits		Other benefits		Other provisions (PEONA)		Total	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Actuarial loss (gain)	20,123	(10,675)	335	(26,469)			20,458	(37,144)
Total amounts recognized	**20,123**	**(10,675)**	**335**	**(26,469)**			**20,458**	**(37,144)**

25.6 Sensitivity analysis

According to CPC33, the sensitivity analysis of the management in relation to the financial and actuarial assumptions considered critical is as follows:

PCAM	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	205,453	194,615	175,606	159,541
	Impact of the main scenario	15,904	5,066	-13,943	-30,008
PLAN A	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,075,319	1,034,357	952,433	870,509
	Impact of the main scenario	61,443	20,481	-61,443	-143,367
PLAN B	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	59,913	57,268	51,979	46,689
	Impact of the main scenario	3,967	1,322	-3,967	-9,257
PRE-68	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	145,110	140,640	132,399	124,986
	Impact of the main scenario	6,614	2,144	-6,096	-13,510
Funeral Assistence	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,707	1,608	1,437	1,296
	Impact of the main scenario	145	46	-125	-267
Group Life Insuran	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,054	1,019	956	899
	Impact of the main scenario	51	17	-47	-104

Sensitivity in the discount rate

PLAN A	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,047,117	1,002,630	922,905	853,946
	Impact of the main scenario	33,241	-11,246	-90,971	-159,930
PLAN B	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	50,240	49,462	48,096	47,495
	Impact of the main scenario	-5,706	-6,483	-7,849	-8,451
PRE-68	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	153,222	148,276	139,184	131,034
	Impact of the main scenario	14,727	9,781	689	-7,461
PCAM	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	219,163	207,177	186,227	168,603
	Impact of the main scenario	29,614	17,628	-3,322	-20,946
Funeral Assistence	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,621	1,521	1,351	1,211
	Impact of the main scenario	58	-41	-211	-351
Group Life Insuranc	**Effective rate**	5.50%	6.00%	7.00%	8.00%
	Nominal rate (*)	11.31%	11.84%	12.90%	13.95%
	Liability of defined benefit	1,105	1,067	999	937
	Impact of the main scenario	102	65	-4	-66

(*) Considers inflation.

26 Information by business segment

26.1 Statements of income by segment

The business segments of IRB Brasil RE are identified according to its executive structure, which takes into account the internal financial reports for business performance in the country and abroad, where they are used by the Management in conducting the business. The net income is the main item used by the Management for the management of the results.

On June 30, 2016 and 2015, the results of IRB Brasil RE by geographic area were as follows:

Dercription	Parent Company		Consolidated	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Issued premiums	**2,173,242**	**1,760,455**	**2,173,242**	**1,760,455**
Issued premiums - Brazil	1,665,150	1,430,188	1,665,150	1,430,188
Issued premiums - Abroad	508,092	330,267	508,092	330,267
Earned premium	**2,082,198**	**1,695,243**	**2,082,198**	**1,695,243**
Earned premiums - Brazil	1,622,333	1,444,136	1,622,333	1,444,136
Earned premiums - Abroad	459,865	251,107	459,865	251,107
Incurred claims	**(1,331,453)**	**(919,425)**	**(1,331,453)**	**(919,425)**
Incurred claims - Brazil	(995,140)	(795,568)	(995,140)	(795,568)
Incurred claims - Abroad	(336,313)	(123,857)	(336,313)	(123,857)
Acquisition costs	**(57,560)**	**(49,963)**	**(57,560)**	**(49,963)**
Acquisition costs - Brazil	(29,761)	(34,820)	(29,761)	(34,820)
Acquisition costs - Abroad	(27,799)	(15,143)	(27,799)	(15,143)
Result of retrocession	**(363,693)**	**(441,095)**	**(363,693)**	**(441,095)**
Result of retrocession - Brazil	(365,470)	(425,160)	(365,470)	(425,160)
Result of retrocession - Abroad	1,777	(15,935)	1,777	(15,935)
Gross margin	**329,492**	**284,760**	**329,492**	**284,760**
Gross margin - Brazil	231,962	188,588	231,962	188,588
Gross margin - Abroad	97,530	96,172	97,530	96,172
Other operation income and expenses	11,634	(31,057)	12,511	(29,718)
Administrative expenses	(111,591)	(119,646)	(125,559)	(134,292)
Tax expenses	(78,588)	(46,756)	(78,914)	(46,756)
Operating result	**150,947**	**87,301**	**137,530**	**73,994**
Equity result	21,695	(1,902)	23,131	(2,156)
Financial result	434,321	423,755	435,220	424,443
Gains or losses on non-current assets	12	16	12	16
Profit before income tax and social contribution	**606,975**	**509,170**	**595,893**	**496,297**
Income tax and social contribution	(180,689)	(153,889)	(181,557)	(153,936)
Profit sharing	(11,950)	(12,920)	-	-
Net income for the semester	**414,336**	**342,361**	**414,336**	**342,361**

The Company's management uses for decision-making purposes an account grouping approach that is different from that presented in the statement of income, which was prepared in accordance with accounting practices adopted in Brazil for reinsurers, as follows:

Description	Parent Company		Consolidated	
	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Reinsurance premiums - Brazil (a)	1,930,479	1,607,411	1,930,479	1,607,411
Reinsurance premiums - Abroad (a)	594,777	400,486	594,777	400,486
Retrocession premiums ceded (b)	(725,437)	(662,707)	(725,437)	(662,707)
Retained premium	**1,799,819**	**1,345,190**	**1,799,819**	**1,345,190**
Changes in technical reserves (c)	(83,565)	(91,577)	(83,565)	(91,577)
Premiums earned	**1,716,254**	**1,253,613**	**1,716,254**	**1,253,613**
Incurred claims (d)	(1,129,953)	(746,980)	(1,129,953)	(746,980)
Acquisition costs (e)	(323,023)	(236,064)	(323,023)	(236,064)
Gross result	**263,278**	**270,569**	**263,278**	**270,569**
Other operating results (f)	22,012	(29,360)	22,889	(28,023)
Administrative expenses (g)	(106,721)	(119,646)	(120,689)	(121,372)
Taxes expenses (j)	(76,084)	(46,756)	(76,410)	(46,756)
Financial and equity results (h)	531,914	434,362	534,249	434,799
Profit before taxes	**634,399**	**509,169**	**623,317**	**509,217**
Income tax, social contribution and profit sharing (i)	(220,063)	(166,808)	(208,981)	(166,856)
Net iincome for the semester	**414,336**	**342,361**	**414,336**	**342,361**

The reconciliation between the balances presented in the statement of income and the balances used in the decision-making process presented above by the Company’s management are presented below.

	Parent Company		Consolidated	
Description	June 30, 2016	June 30, 2015	June 30, 2016	June 30, 2015
Net issued premiums	**2,173,242**	**1,760,455**	**2,173,242**	**1,760,455**
Gross issued premiums (a)	2,526,738	2,007,173	2,526,738	2,007,173
Reinsurance commission (e)	(353,496)	(246,718)	(353,496)	(246,718)
Changes in technical reserves	**(91,044)**	**(65,212)**	**(91,044)**	**(65,212)**
Changes in technical reserves - Premiums (c)	(109,512)	(93,264)	(109,512)	(93,264)
Changes in technical reserves - Commission (e)	36,614	15,415	36,614	15,415
Changes in technical reserves - Others reserves (c)	(18,146)	12,637	(18,146)	12,637
Premiums earned	**2,082,198**	**1,695,243**	**2,082,198**	**1,695,243**
Incurred claims (d)	**(1,331,453)**	**(919,425)**	**(1,331,453)**	**(919,425)**
Acquisition cost (e)	**(57,560)**	**(49,963)**	**(57,560)**	**(49,963)**
Retrocession results	**(363,693)**	**(441,095)**	**(363,693)**	**(441,095)**
Recovery of claims incurred (d)	234,184	18,639	234,184	18,639
Salvage and reimbursements to retrocession policyholders (d)	(37,032)	(11,368)	(37,032)	(11,368)
Recovery of IBNR (d)	59,281	178,204	59,281	178,204
Retrocession Premiums (b)	(725,437)	(662,563)	(725,437)	(662,563)
Commission on Retrocession Premiums (e)	50,403	58,299	50,403	58,299
Changes in technical reserves - Premiums Ceded (c)	44,093	(10,950)	44,093	(10,950)
Changes in technical provisions - Commission Ceded (e)	437	(13,051)	437	(13,051)
Other retrocession results (f)	10,378	1,695	10,378	1,695
Gross margin	**329,492**	**284,760**	**329,492**	**284,760**
Other operating income and expenses (f)	**11,634**	**(31,057)**	**12,511**	**(29,718)**
Other operating income and expenses (f)	11,634	(31,057)	12,511	(29,718)
Administrative expenses	**(111,591)**	**(119,646)**	**(125,559)**	**(134,292)**
Profit sharing (i)	-	-	(11,950)	(12,920)
Tax expenses (j)	(1,355)	-	(1,355)	-
Other tax expenses (j)	(3,512)	-	(3,512)	-
Administrative expenses (g)	(106,702)	(119,646)	(108,720)	(121,372)
Other finance costs (g)	(22)		(22)	-
Tax expenses (j)	**(78,588)**	**(46,756)**	**(78,914)**	**(46,756)**
Taxes - foreign branch (i)	(4,904)		(4,904)	-
Tax expenses (j)	(73,684)	(46,756)	(74,010)	(46,756)
Operating results	**150,947**	**87,301**	**137,530**	**73,994**
Equity results (h)	**21,695**	**(1,902)**	**23,131**	**(2,156)**
Other equity result (h)	22,882	(1,902)	24,318	(2,156)
Other administrative result (g)	4	-	4	-
Other tax expenses (j)	(326)	-	(326)	-
Other tax and contribution expenses (j)	(865)	-	(865)	-
Financial result	**434,321**	**423,755**	**435,220**	**424,443**
Interest on acquisition cost (e)	579	(46)	579	(46)
Interest on premiums ceded (b)	-	(144)	-	(144)
Interest on premiums abroad (a)	103	63	103	63
Interest on local premiums (a)	(1,585)	661	(1,585)	661
Interest on claims (d)	(54,934)	(13,030)	(54,934)	(13,030)
Financial results (h)	509,020	-	509,919	-
Other financial result (i)	(18,143)	436,251	(18,143)	436,939
Other tax expenses (j)	(719)	-	(719)	-
Gains on non-current assets (h)	**12**	**16**	**12**	**16**
Profit before Income tax and social contribution	**606,975**	**509,170**	**595,893**	**496,297**
Income tax and social contribution (i)	(180,689)	(153,889)	(181,557)	(153,936)
Profit sharing (i)	(11,950)	(12,920)	-	-
Net income for the semester	**414,336**	**342,361**	**414,336**	**342,361**

* * *

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Débora Pereira Tavares
Actuary
MIBA 2011