



Quarterly Results – 2nd quarter 2020

Continuing Operations

- Total revenues of R\$4.8 billion (+5.0%) in 2Q20 and R\$9.7 billion (+7.2%) in 1H20
- Loss ratio of 69.1% in 2Q20 and 75.4% year-to-date
- Health and dental group membership grew 8.1%
- Net income of R\$398.7 million (+83.4%) in the quarter and R\$468.6 million (+16.3%) in 1H20

Consolidated

- Net income of R\$498.3 million (+91.0%) in the quarter and R\$578.1 million (+19.4%) in 1H20
- Return on average equity of 17.9% in the last 12 months

Conference Call

August 6, 2020 (Thursday)

Portuguese (with simultaneous translation to English)

10am (Brasília) | 9am (US/DST)

Webcast: www.sulamerica.com.br/ir

Brazil: +55 (11) 3181-8565 or +55 (11) 4210-1803

USA: 1-844-204-8942 or +1 (412) 717-9627 | **UK:** +44 20 3795-9972

MESSAGE FROM MANAGEMENT

We present the results for the second quarter of 2020 still facing the new coronavirus pandemic and its full impacts on the economy are yet uncertain and volatile. Since the beginning of this crisis, we were always confident in SulAmérica's ability to face challenging scenarios and, at the same time, continue to provide our services with the same excellence and quality. Our priority has always been and continues to be the safety and wellness of our employees, their families and other stakeholders, as well as assuring the continuity of our operations and the assistance to our beneficiaries and clients, all of which have been accomplished.

Still during the pandemic, we had a very important milestone in SulAmérica's almost 125-year history with the conclusion of the sale of the auto and other P&C segment to Allianz in July/2020, in one of the most relevant transactions in the Brazilian insurance market in recent periods. The conclusion of the transaction brings resources to boost the Company's development and growth, besides returns to shareholders, and reinforces SulAmérica's new strategic positioning focused on people-related risks, catering to the Health & Wealth needs of our customers in all phases of their lives. We maintain our important position in the health and dental segments, being the third largest company in the private healthcare market in Brazil in terms of revenues, with almost 4 million beneficiaries, in addition to 3 million clients in life, pension and asset management. With the conclusion of the transaction, we take the opportunity to once again thank all employees – including those who are now part of Allianz – for their commitment to the successful conclusion of the deal. I would also like to emphasize the maintenance of our relationship with the more than 39 thousand insurance brokers, who are longtime partners of SulAmérica and whose engagement to keep achieving positive results is stronger than ever. We also highlight the agility of SUSEP (Brazilian Private Insurance Commission), which was essential for the approval and conclusion of the transaction one month before the original schedule, even during a period of remote work for everyone.

In parallel, it was a period of great advances in terms of technology, innovation and access to healthcare, with the launch of a series of important products, services and features during the pandemic, in addition to the expansion of existing ones, which allowed us to further expand our reach and assistance to beneficiaries through digital initiatives. The features available to health and dental beneficiaries in our digital apps were important to guide and ensure proper care, with the quick and welcomed adoption of telemedicine, allowing for the continued care in relation to COVID-19, but also to emergency appointments and ongoing treatments through elective virtual appointments comprising several medical specialties. In the month of June alone, there were more than 60 thousand digital procedures, considering appointments with on-call doctors, scheduled specialists and psychologists, as well as phone orientation.

Regarding the results of the second quarter of 2020, we maintained our good retention levels in the health and dental segment, which partially offset the challenges imposed to the private healthcare market by the period of social isolation and economic uncertainties. We believe in the resilience of our portfolio and in our ability to grow even in diverse scenarios – as proven by our track record over the past few years. The segment's revenues continued in a positive trend, growing 7% when compared to the same period in 2019. Speaking of the medical loss ratio, we had very unusual months in this period, with a sharp reduction in the frequency of elective procedures (doctor visits, exams and non-urgent surgeries), which, in the short term, more than offset the additional costs related to the diagnosis and treatment of beneficiaries with COVID-19, which, it is worth highlighting, were fully cared for in partnership with our network of providers. It is important to mention that the frequency of elective procedures has been gradually recovering over the period after showing a more significant drop in April. Additionally, we expect that an important part of the cancelled/postponed procedures to be resumed and rescheduled over the time, as the pandemic situation normalizes. However, we are still unable to determine the magnitude of this return and its behavior over time. We should also emphasize that 2020 will be marked by an unusual frequency of procedures and seasonality given the COVID-19 pandemic, so, in this sense, short-term results should not be considered in projections for future scenarios.

In the wealth segment, *SulAmérica Investimentos*, our asset manager, ended the quarter with R\$45 billion under management. The private pension segment, despite a lower volume of contributions in the period, expanded the gross margin and reached over R\$8 billion in reserves. The life insurance operation has already shown some effects of the pandemic, with a reduction in revenues, mainly related to travel insurance, a product which had been gaining relevance in the portfolio and, naturally, suffered a more severe impact in the short-term with social distance measures and travel restrictions.

After almost five months since the beginning of the COVID-19 pandemic, it is still not possible to measure all its future effects, either speaking of an economic slowdown, the loss ratio behavior in the coming quarters or even in terms of potential structural changes that society will see in the ways we live. After this brief period, one thing we are certain is that we are on the right path: investments and projects developed few years ago have proven to be precisely correct and have been essential in the last months, bringing important gains to our operation and our customers. We quickly reacted to the situation imposed by the new coronavirus pandemic because we were prepared for it, always focusing on the sustainability and continuity of the business, seeking to grow with profitably, discipline in risk management and capital allocation while, at the same time, looking to generate positive value for the society and the markets in which we operate. We remain confident in the long-term perspectives for SulAmérica and in the strength of our business model.

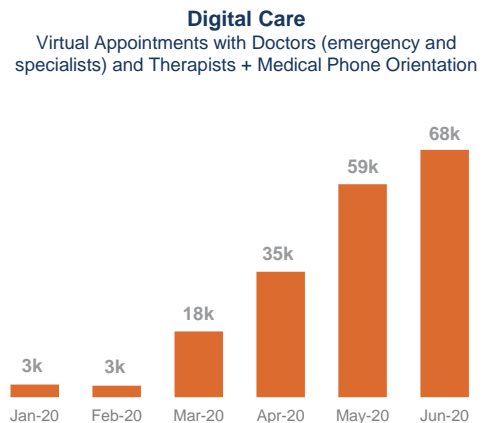
Finally, as we face such a challenging moment, we would like to immensely thank our employees for the continuous engagement, who remain working safely from their homes with the same determination and quality as always. In addition, we thank the trust and dedication of all insurance brokers, service providers – especially healthcare professionals – shareholders, suppliers and other stakeholders of the Company.

Gabriel Portella
CEO

CONTEXT AND IMPACTS OF THE NEW CORONAVIRUS PANDEMIC – COVID-19

The expansion of the new coronavirus pandemic has significantly impacted the health of people around the world, in addition to bringing several impacts to global economies and markets. Since the beginning of the COVID-19 crisis, SulAmérica has adopted a series of measures to ensure the continuity of its operations and minimize its impacts, while taking care of employees, beneficiaries, brokers, partners and the society in general. The Company's Business Continuity Plan (BCP) was activated and, with great success, guaranteed that activities remained fully operational during these five months of the pandemic in Brazil. As of today, almost all of SulAmérica's employees continue to work from home, while the Company is developing a plan to resume its on-site activities in a proper way, considering the epidemiological conditions of each region, prioritizing safety, assessing the situation of at-risk groups and taking into account the wellness of all Company's stakeholders.

One of the main concerns over the last few months has been to guarantee full assistance and care to beneficiaries, whether in needs related to COVID-19 or in the follow-up of ongoing treatments and other recurring demands, always seeking high quality care in partnership with the network of providers. In parallel, with the extraordinary approval of telemedicine in Brazil, it was possible to further expand digital initiatives to assist beneficiaries and, with "Saúde na Tela" (Health on Screen), policyholders can now see psychologists, nutritionists and other professionals and doctors from more than 50 medical specialties without leaving home, aside from having access to referrals to other physicians, drug prescriptions and exam requests, in a completely digital way. More information can be found at: <https://saudenatela.sulamerica.com.br> (Portuguese only). The figures in the graph show the evolution and relevance of these initiatives, as well as their importance for ensuring access to healthcare during this period:



At the same time, SulAmérica continues to monitor the health of all its beneficiaries in relation to the new coronavirus, including its employees and family members and, since the beginning of the pandemic and until 08/05/2020, 5,566 beneficiaries of the Company were hospitalized with confirmation of COVID-19, with 2,607 of these needing Intensive Care Units (ICUs). From this total, 4,824 beneficiaries have already recovered and been discharged and we have recorded 379 deaths.

Main impacts in the second quarter of 2020

- Following the quarantine and social distancing measures in place, there was a temporary significant reduction in the frequency of claims in the health and automobile segments, affecting their respective loss ratios. In the health segment, the reduction is related to the postponement of elective procedures (appointments, exams, surgeries and hospitalizations) and the drop in emergency procedures and ER visits that, in the second quarter, more than offset the additional costs related to treatments and diagnoses for COVID-19. It is important to note that we expect a significant part of these procedures should be resumed over time. However, the future scenario is still uncertain and volatile, so that, as of this moment, it is not yet possible to quantify the magnitude and time frame of this potential recovery, but it should be noted that the short-term scenario should not be inferred as recurring in future ones.
- In relation to the frequency of claims in the health segment, after recording a sharp decrease in the period of greater social isolation in cities such as São Paulo and Rio de Janeiro, elective procedures are being resumed and remain on an upward trend, with an expected progressive return to normality in the coming periods. In the months of April and May of 2020, there was a reduction of about 60% when compared to the average frequency presented in the same months of 2019, based on pre-approved procedures. In June/2020, this reduction came to around 30% over the average recorded in June/2019.
- In this period of volatile frequency of procedures and, in parallel, increase in the number of COVID-19 cases, the partnership with providers of the referred network was further intensified, also in the form of anticipated payments (cash flow effect only), which totaled around R\$150 million since the beginning of the pandemic.
- The Company also continues to monitor cancellation and renegotiation requests, as well as client delinquency, which, so far, remains under control, with no significant increase.
- In the life insurance segment, with the decision to include death coverage by COVID-19, until the end of 2Q20 we registered approximately R\$8 million in related claims, with potential recovery through reinsurance. We also registered lower travel insurance revenues, following the social distance measures and travel restrictions in the period.

1. Main Highlights

The sale of the auto and P&C segment was concluded in July 2020 and, therefore, these businesses lines were still recognized in SulAmérica's second quarter (2Q20) results and are currently being analyzed and reported as discontinued operations, except when otherwise stated.

Financial Highlights (R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenues	4,587.8	4,341.1	5.7%	4,651.3	-1.4%	9,239.1	8,635.8	7.0%
Health & Dental	4,467.3	4,205.8	6.2%	4,534.4	-1.5%	9,001.7	8,379.4	7.4%
Life & Personal Accident	121.1	130.9	-7.5%	116.9	3.6%	237.9	249.7	-4.7%
Other Insurance Revenues	-0.5	4.4	NA	0.0	NA	-0.5	6.7	NA
Other Operating Revenues	205.4	225.5	-8.9%	275.4	-25.4%	480.8	433.7	10.8%
Private Pension	153.5	173.4	-11.5%	205.7	-25.4%	359.2	336.2	6.8%
Administrative Services Only	18.2	15.1	21.0%	17.2	6.1%	35.4	30.1	17.7%
Asset Management	15.4	19.8	-22.3%	17.1	-9.9%	32.4	33.2	-2.4%
Other Revenues ¹	18.3	17.2	6.1%	35.4	-48.4%	53.7	34.1	57.2%
Total Operating Revenues	4,793.2	4,566.6	5.0%	4,926.6	-2.7%	9,719.8	9,069.5	7.2%
Gross Operating Margin	933.5	420.2	122.2%	398.8	134.1%	1,332.4	882.1	51.0%
Investment Income	69.9	114.6	-39.1%	6.1	NA	76.0	245.9	-69.1%
Net Income from Continuing Operations	398.7	217.4	83.4%	70.0	469.8%	468.6	402.9	16.3%
Net Income from Discontinued Operations	99.7	43.1	131.4%	9.7	929.1%	109.4	81.0	35.1%
Net Income after non-Controlling Interest	498.3	260.8	91.0%	79.8	524.3%	578.1	484.3	19.4%
ROAE (% last 12 months)	17.9%	17.6%	30 BPS	15.3%	260 BPS			
Insurance Information - Earned Premiums (R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Health & Dental	4,520.8	4,225.0	7.0%	4,561.9	-0.9%	9,082.7	8,427.2	7.8%
Life & Personal Accident	115.2	123.5	-6.7%	123.6	-6.8%	238.8	251.7	-5.1%
Insurance Information - Retained Claims (R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Health & Dental	-3,140.5	-3,456.7	9.1%	-3,761.5	16.5%	-6,902.0	-6,794.8	-1.6%
Life & Personal Accident	-64.4	-61.4	-4.8%	-61.6	-4.6%	-126.0	-126.0	0.0%
Insurance Operational Ratios (%)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Loss Ratio	69.1%	80.8%	1170 BPS	81.6%	1250 BPS	75.4%	79.7%	430 BPS
Health & Dental	69.5%	81.8%	1230 BPS	82.5%	1300 BPS	76.0%	80.6%	460 BPS
Life & Personal Accident	55.8%	48.9%	-700 BPS	49.1%	-670 BPS	52.3%	49.3%	-310 BPS
Acquisition Cost	7.1%	6.9%	-20 BPS	7.3%	20 BPS	7.2%	7.0%	-20 BPS
Health & Dental	6.5%	6.2%	-30 BPS	6.7%	10 BPS	6.6%	6.3%	-30 BPS
Life & Personal Accident	30.6%	30.6%	0 BPS	30.6%	0 BPS	30.6%	30.2%	-50 BPS
Combined	89.1%	98.6%	950 BPS	99.4%	1030 BPS	93.3%	97.9%	370 BPS
Operating	87.6%	96.0%	840 BPS	99.2%	1160 BPS	93.4%	95.1%	170 BPS
Consolidated Ratios (% of total operating revenues)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Gross Margin	19.5%	9.2%	1030 BPS	8.1%	1140 BPS	13.7%	9.7%	400 BPS
General & Administrative Expenses	7.9%	6.9%	-100 BPS	6.7%	-130 BPS	7.3%	6.9%	-40 BPS
Net Margin from Continuing Operations	8.3%	4.8%	360 BPS	1.4%	690 BPS	4.8%	4.4%	40 BPS
Net Margin	8.9%	4.8%	410 BPS	1.4%	750 BPS	5.1%	4.5%	60 BPS
Operating Highlights	2Q20	2Q19	Δ	1Q20	Δ			
Health & Dental Insured Members (thousand)	3,849	3,580	7.5%	3,935	-2.2%			
Health Insured Members	2,295	2,244	2.3%	2,299	-0.1%			
Dental Insured Members	1,553	1,336	16.3%	1,636	-5.1%			
Insured Lives (thousand)	3,499	3,572	-2.1%	3,520	-0.6%			
Assets under Management (R\$ billion)	44.8	43.3	3.3%	43.3	3.5%			
Private Pension Reserves (R\$ billion)	8.1	7.5	7.6%	7.9	2.7%			

The main highlights in 2Q20 in comparison to the same period of last year (2Q19), considering only the Company's continuing operations, are:

- total operating revenues of R\$4.8 billion in the quarter and R\$9.7 billion in the first half of 2020, growth of 5.0% and 7.2%, respectively, mainly propelled by the health and dental segment;
- growth of 8.1% in health and dental membership in group plans over 2Q19;
- reduction of 1,170 BPS in the loss ratio when compared to 2Q19, following the temporary reduction in the frequency of elective and non-urgent procedures in health and dental, in the context of the COVID-19 pandemic, with an expected rebound in the coming periods;
- administrative expenses ratio of 7.9%, an increase of 100 BPS in relation to 2Q19, mainly explained by the expenses related to the spin-off process of the auto and P&C operations, which totaled approximately R\$31 million – excluding this effect, the ratio would have been of 7.3%;
- proprietary portfolio yielded 143.7% of the CDI (benchmark rate), showing recovery in relation to 1Q20; and
- net income of R\$398.7 million in the quarter (+83.4%) and R\$468.6 million in 1H20 (+16.3%).

Considering the Company's consolidated results for 2Q20, including the discontinued operations, it is worth mentioning:

- total revenues of R\$5.6 billion (+2.8%) in the quarter and R\$11.2 billion (+5.0%) in the first half of the year;
- net income of R\$498.3 million (+91.0%) in 2Q20 and R\$578.1 million (+19.4%) in 1H20; and
- return on average equity (ROAE) of 17.9% in the last 12 months.

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

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenues	4,502.9	4,221.8	6.7%	4,571.0	-1.5%	9,073.9	8,411.5	7.9%
Insurance	4,467.3	4,205.8	6.2%	4,534.4	-1.5%	9,001.7	8,379.4	7.4%
Group	3,908.6	3,653.7	7.0%	3,968.6	-1.5%	7,877.2	7,268.0	8.4%
Corporate/Affinity	2,455.9	2,313.6	6.1%	2,515.8	-2.4%	4,971.7	4,627.2	7.4%
SME	1,361.4	1,268.5	7.3%	1,358.8	0.2%	2,720.3	2,501.8	8.7%
Dental	91.3	71.6	27.4%	94.0	-2.9%	185.3	138.9	33.4%
Individual Health	558.7	552.0	1.2%	565.8	-1.3%	1,124.5	1,111.4	1.2%
Administrative Services Only	18.2	15.1	21.0%	17.2	6.1%	35.4	30.1	17.7%
Other Operating Revenues	17.4	1.0	NA	19.4	-10.6%	36.8	2.1	NA
Changes in Technical Reserves	-11.4	-16.9	32.3%	-10.4	-10.2%	-21.8	-29.2	25.3%
Insurance	-11.4	-16.9	32.3%	-10.4	-10.2%	-21.8	-29.2	25.3%
Operating Expenses	-3,584.6	-3,817.7	6.1%	-4,203.1	14.7%	-7,787.7	-7,555.5	-3.1%
Insurance	-3,581.1	-3,812.1	6.1%	-4,197.0	14.7%	-7,778.1	-7,546.4	-3.1%
Administrative Services Only	-3.5	-5.6	37.2%	-6.1	42.6%	-9.6	-9.1	-5.2%
Gross Margin	906.9	387.2	134.2%	357.6	153.6%	1,264.5	826.8	52.9%
Insurance	874.7	376.8	132.2%	327.1	167.4%	1,201.8	803.8	49.5%
Administrative Services Only	14.7	9.5	55.1%	11.1	32.9%	25.8	21.0	23.2%
Other	17.4	1.0	NA	19.4	-10.6%	36.8	2.1	NA
Loss Ratio	69.5%	81.8%	1230 BPS	82.5%	1300 BPS	76.0%	80.6%	460 BPS
Acquisition Cost	6.5%	6.2%	-30 BPS	6.7%	10 BPS	6.6%	6.3%	-30 BPS

Health and Dental Insurance

Operating revenues for the health and dental insurance segment grew 6.7%, in comparison to 2Q19, reaching R\$4.5 billion in the quarter. All portfolios presented a positive performance in the period, especially dental (+27.4%) – propelled by Prodent, which was acquired in October/2019 – small and medium-sized enterprises – SME (+7.3%) and corporate/affinity (+6.1%).

The sustained trend in revenues in the quarter, as well as the resilience of the portfolio, demonstrate the success of the Company's commercial strategy and its attractiveness, focusing both on pre-sales efforts, driving its actions to attract new beneficiaries, as well as after-sale initiatives, which have proven to be one of the key factors behind the high retention rates. That is even further essential in more adverse scenarios, which demand a closer monitoring of clients in order to identify their needs.

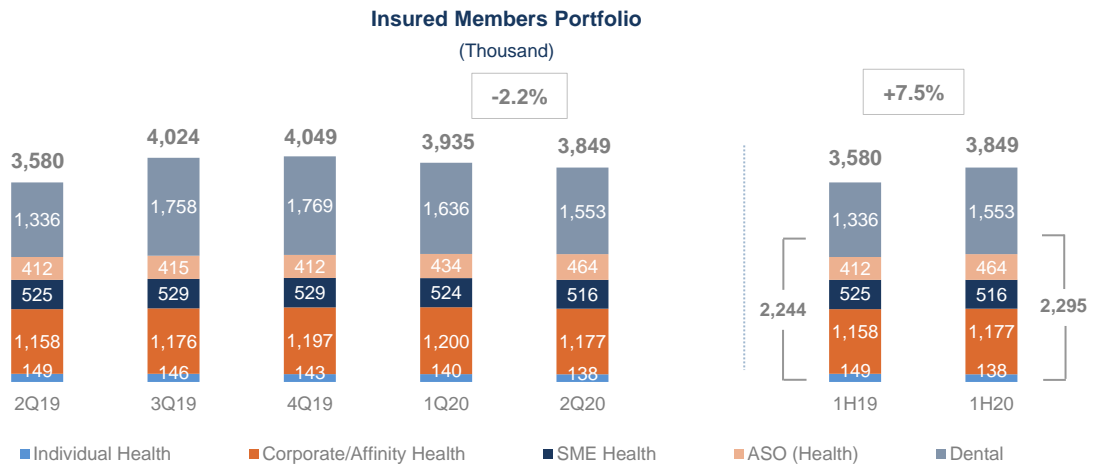
SulAmérica is continuously seeking to evolve its capacity to adapt its products to the needs of customers with different profiles, increasingly expanding the regions reached and also its product portfolio, including more affordable options, such as the "Direto" line, which may gain importance in terms of retention in the context of the pandemic, in addition to attract new audiences. This constant evolution is only possible with the recognition and strength of the brand, the continuous improvement of the experiences for customers, brokers and beneficiaries and, perhaps more importantly: the care for the beneficiary as one of the Company's main focuses.

According to the most recent data for market revenues disclosed by ANS (National Supplementary Health Agency), SulAmérica keeps increasing its market share. In the last 12 months ended in March/2020, the Company reached 10.7% of total revenues in the private healthcare market, an increase of 30 BPS when compared to the same period of last year, being the third largest company in the segment.

The latest data released also by ANS for insured lives in the sector show that, as of May/2020, the private healthcare system recorded a total of 46.8 million beneficiaries in health plans and 25.4 million in dental plans, presenting reduction in health (-0.3%) and growth in dental (+4.0%) in relation to the same period of 2019. SulAmérica maintained a consistent performance in its membership, performing above the average of the market, as shown in the following numbers:

(Thousand members)	2Q20	2Q19	Δ	1Q20	Δ
Group Health	2,157	2,095	3.0%	2,158	0.0%
Corporate/Affinity Health	1,177	1,158	1.7%	1,200	-1.9%
SME Health	516	525	-1.7%	524	-1.5%
Administrative Services Only	464	412	12.6%	434	6.9%
Dental	1,553	1,336	16.3%	1,636	-5.1%
Dental	1,527	1,315	16.1%	1,610	-5.2%
Administrative Services Only	27	21	25.7%	27	0.0%
Group Total	3,711	3,431	8.1%	3,795	-2.2%
Individual Health	138	149	-7.1%	140	-1.6%
Total	3,849	3,580	7.5%	3,935	-2.2%

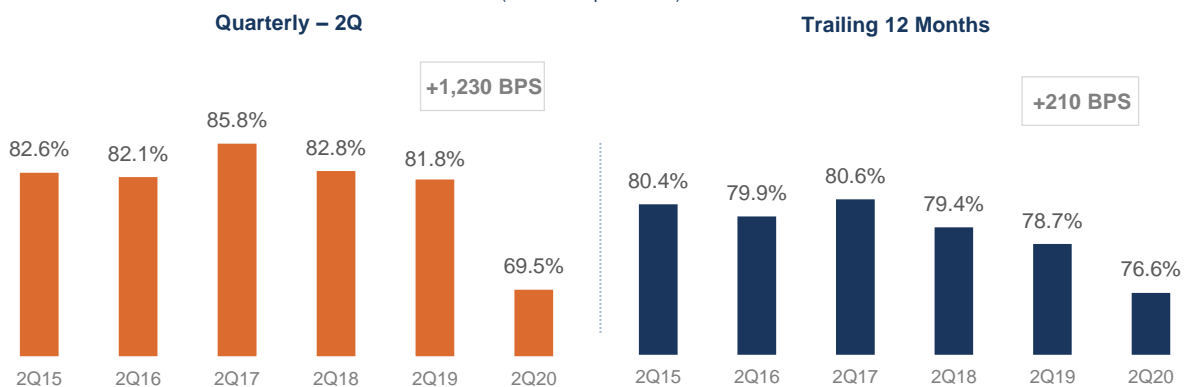
2. Health and Dental, and Administrative Services Only (ASO) (cont.)



The health and dental group plans portfolio presented growth of 8.1% in relation to June/2019, registering net adds of 279 thousand lives, considering Prodent's dental beneficiaries, which were acquired in 3Q19. In the health segment, a positive highlight went to the growth of 12.6% in the ASO portfolio, which will be discussed in further details in the next section of this document. The corporate/affinity portfolio also grew, adding 19 thousand lives (+1.7%) when compared to 2Q19, while the SME portfolio showed a slight decrease of 1.7%. It is important to mention that despite the more challenging scenario, given the impacts of the COVID-19 pandemic on the markets and employment levels, SulAmérica showed once again the resilience of its portfolio, presenting stability in the health membership for group plans in relation to 1Q20, with high levels of retention and continuity in new sales, which, as seen in previous crisis, are essential for the good performance in comparison to the rest of the market. The dental segment registered growth of 16.3% over 2Q19. The reduction in relation to 1Q20 is mainly explained by the performance in the retail channel in the last months, impacted by the isolation measures during the pandemic.

Loss Ratio – Health and Dental

(% Earned premiums)



The segment's loss ratio reached 69.5%, an improvement of 1,230 BPS in relation to 2Q19, mainly explained by the temporary and significant reduction in the frequency of elective and non-urgent procedures (mainly doctor appointments, exams and surgeries) and the drop in emergency procedures and ER visits, following the social distancing measures in place and the orientation for lower exposure to hospital units in the main regions in Brazil, more than offsetting additional costs related to COVID-19 patients in the period. In the 12-month period ended in 2Q20, a longer and more appropriate time frame to analyze the behavior of the portfolio, the loss ratio was of 76.6%, a gain of 210 BPS in comparison to the period of 12 months ended in 2Q19.

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

Following the reduction in social distancing measures, the frequency of procedures has been recovering over 2Q20 and also in July, in a trend that should continue in the coming months with the progressive return to normal levels of frequency with the control of the pandemic. Despite the lower loss ratio in 2Q20, it should be noted that 2020 will be atypical in terms of seasonality due to the pandemic and short-term results should not be considered recurring. The expectation is that an important part of these postponed procedures in the short-term will be resumed over time. However, the scenario regarding exactly how and when this will happen is still uncertain and, therefore, the next quarters may still be volatile. In addition, the evolution of the COVID-19 pandemic, its developments and its effective control in the country should also be monitored.

Nonetheless, in spite of short-term fluctuations, it is worth mentioning that the Company remains focused on keeping the loss ratio under control in the long-term, preserving its investments in claims management and health and wellness initiatives, as well as all efforts that are part of the Coordinated Care strategy, which have been essential for the good performance of this indicator over the past few years.

In particular, the Coordinated Care strategy proved to be right during this pandemic and was of the utmost importance to offer care to the beneficiaries through digital tools, allowing for a closer look with continued assistance. Medical orientations through video calls, which were already available to SulAmérica's beneficiaries since last year, evolved to remote appointments with on-duty physicians and specialists, covering several medical specialties, which allowed for assistance not only in relation to COVID-19, but also for elective therapies, and, especially, chronic diseases and patients with treatments underway.

By the end of 2Q20 and since the beginning of the monitoring, beneficiaries reached by the Coordinated Care strategy exceeded 573 thousand, with 446 thousand of those still active and being monitored in SulAmérica's membership. The network of participating physicians is also constantly evolving, reaching 2.2 thousand doctors, an addition of over a thousand new professionals compared to 2Q19.



The constant progress and effective expansion of the Coordinated Care initiatives is only possible with the continuous investment in this strategy and the growing alignment with the providers, promoting higher engagement and improved healthcare management. Furthermore, its results allow the expansion of the portfolio, with the launch of products such as the "Direto" line, making it possible to deliver high quality care to different customer profiles, offering more affordable alternatives that can gain even more importance in more challenging scenarios. In June, two more "Direto" products were launched: in Recife, marking the entry into the Northeast region, and a new option in the city of São Paulo. It is also worth mentioning the announcement, in June, of the agreement for the acquisition of *Paraná Clínicas*, one of the main HMOs in the state of Paraná, that, after the conclusion of the deal, will strengthen the Company's position in the South region of the country, in a new level of average ticket, expanding product portfolio and market share in the region.

Health Administrative Services Only (ASO)

This quarter, operating revenues from ASO plans grew 21.0% in relation to 2Q19, with an improvement of 55.1% in the gross margin. For yet another period, the portfolio showed a consistent growth trend, reflecting the Company's good performance in the corporate segment, posting an increase of 58 thousand lives in relation to the same period of last year, with 52 thousand of those in the health segment.

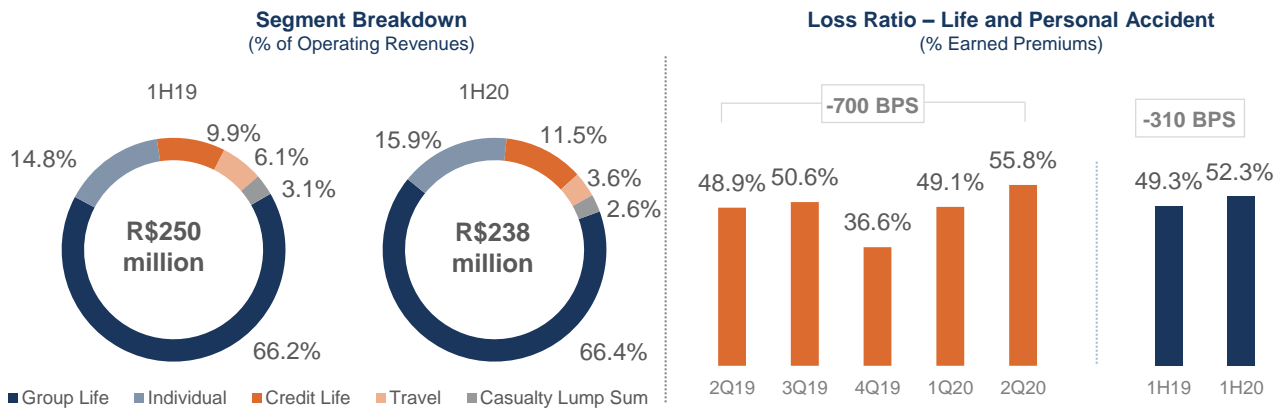
3. Life and Personal Accident Insurance and Private Pension

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenues	275.0	305.3	-9.9%	323.5	-15.0%	598.6	586.9	2.0%
Insurance	121.1	130.9	-7.5%	116.9	3.6%	237.9	249.7	-4.7%
Private Pension	153.5	173.4	-11.5%	205.7	-25.4%	359.2	336.2	6.8%
Other Operating Revenues	0.5	0.9	-49.7%	0.9	-48.1%	1.4	1.0	43.0%
Changes in Technical Reserves	-130.2	-148.3	12.2%	-172.6	24.6%	-302.7	-272.4	-11.2%
Insurance	-8.5	-11.1	23.7%	3.3	NA	-5.1	-5.2	1.6%
Private Pension	-121.7	-137.2	11.3%	-175.9	30.8%	-297.6	-267.2	-11.4%
Operating Expenses	-134.6	-139.7	3.7%	-133.7	-0.7%	-268.2	-286.4	6.3%
Insurance	-109.2	-109.7	0.5%	-107.5	-1.6%	-216.7	-224.6	3.5%
Private Pension	-25.3	-30.0	15.5%	-26.2	3.1%	-51.5	-61.8	16.7%
Gross Margin	10.3	17.2	-40.3%	17.3	-40.4%	27.6	28.1	-2.1%
Insurance	3.4	10.0	-66.5%	12.7	-73.5%	16.1	19.9	-19.4%
Private Pension	6.5	6.3	3.1%	3.6	76.9%	10.1	7.2	39.4%
Other	0.5	0.9	-49.7%	0.9	-48.1%	1.4	1.0	43.0%
Loss Ratio	55.8%	48.9%	-700 BPS	49.1%	-670 BPS	52.3%	49.3%	-310 BPS
Acquisition Cost	30.6%	30.6%	0 BPS	30.6%	0 BPS	30.6%	30.2%	-50 BPS

Life and Personal Accident Insurance

Life and personal accident revenues totaled R\$121.1 million in the quarter and R\$237.9 million in the first half of 2020, presenting reductions of 7.5% and 4.7%, respectively. The decreases in both periods are mainly related to the sharp drop in the revenues from travel insurance, a product which had been increasing its share in the portfolio and, naturally, suffered a more relevant impact with social distancing measures and travel restrictions imposed around the world.

The loss ratio of the segment reached 55.8%, an increase of 700 BPS in relation to the same period of 2019, resulting from a higher frequency of claims, which is in part related to the inclusion of the coverage of deaths caused by COVID-19. The loss ratio in the first six months of the year was of 52.3%, an increase of 310 BPS in comparison to 1H19, following the performance in 2Q20, partially offset by the better figures for this indicator in 1Q20.

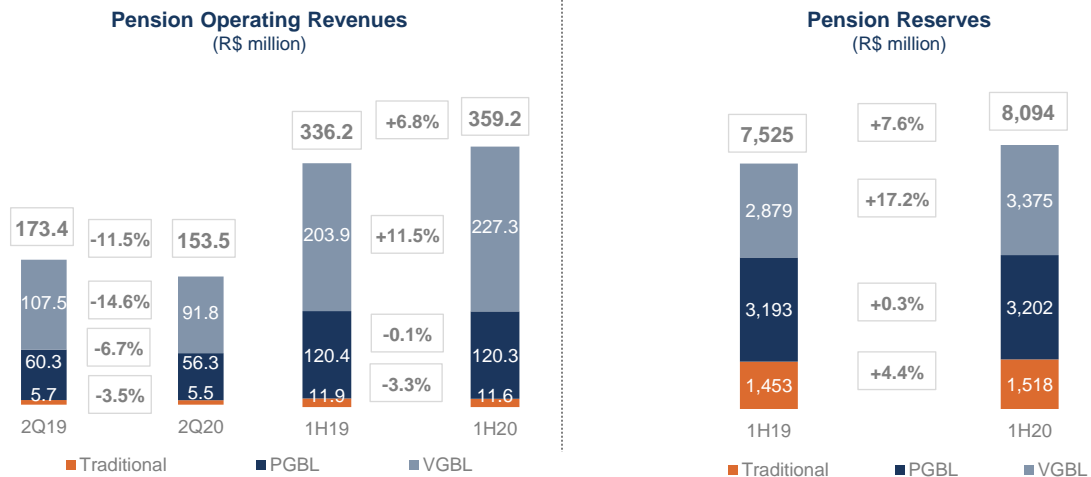


Private Pension

Pension reserves continued to present growth and ended the quarter totaling R\$8.1 billion, an increase of 7.6% in relation to the same period of the previous year. The positive evolution mainly followed the higher volume of contributions, as well as the net positive balance of portability (transfers) year-to-date, especially in the VGBL product.

Operating revenues in 1H20 totaled R\$359.2 million, 6.8% greater than the figure observed in the first six months of 2019, once again propelled by the VGBL product, which presented growth of 11.5% in the period, more than compensating the performances of other products.

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



4. Asset Management

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenues	15.4	19.8	-22.3%	17.1	-9.9%	32.4	33.2	-2.4%
Management Fee	14.8	13.8	7.5%	16.1	-7.7%	30.9	27.2	13.8%
Performance Fee	0.5	5.9	-91.2%	1.0	-46.7%	1.5	6.1	-75.2%
Operating Expenses	-1.1	-1.1	-0.2%	-2.0	46.8%	-3.1	-2.2	-37.8%
Gross Margin	14.3	18.7	-23.5%	15.0	-5.0%	29.3	31.0	-5.3%

SulAmérica Investimentos ended the first half of 2020 with a total volume of R\$44.8 billion in assets under management, presenting growth of 3.3% in relation to 1H19, following the expansion of third-party assets (+3.8%) and private pension reserves (+7.6%).

Year-to-date, the segment's revenues totaled R\$32.4 million, a reduction of 2.4% in relation to the same period of last year, mainly due to the lower performance fees in the period, which were impacted by the volatility in the markets in the last months, also leading to the reduction of 22.3% in revenues in 2Q20, which amounted to R\$15.4 million.

The fixed income funds continue to hold the highest share (51.5%) of the third-party portfolio in terms of allocation, followed by multi-strategy funds (41.0%). At the same time, equities funds are gradually gaining share in the allocation, ending the period with a stake of 7.5%.



*The total reported third-party assets under management include investment funds and portfolios that are managed or administered by SulAmérica Investimentos S.A. The allocation of assets under management in 2019 was adjusted, with no change in total assets under management in the period.

**In June/2020, considers the assets of discontinued operations (auto and P&C segments) as proprietary.

5. Administrative Expenses

The table below only considers the continuing operations, excluding the auto and P&C segments.

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Personnel Expenses	-170.4	-159.1	-7.1%	-158.0	-7.9%	-328.4	-316.7	-3.7%
Third-Party Services	-109.8	-64.7	-69.8%	-94.4	-16.3%	-204.2	-119.6	-70.8%
Buildings and Maintenance	-39.1	-28.9	-35.2%	-35.1	-11.3%	-74.1	-57.4	-29.1%
Other Administrative Expenses	-37.4	-24.9	-49.9%	-14.4	-158.9%	-51.8	-58.0	10.6%
Profit Sharing	-12.1	-20.0	39.3%	-14.3	15.0%	-26.4	-40.1	34.1%
Tax Expenses	-10.8	-18.4	41.4%	-11.5	6.0%	-22.3	-33.6	33.6%
Total	-379.6	-316.0	-20.1%	-327.7	-15.9%	-707.3	-625.3	-13.1%
G&A Expenses Ratio (% operating revenues)	7.9%	6.9%	-100 BPS	6.7%	-130 BPS	7.3%	6.9%	-40 BPS
G & A Expenses Ratio ex-extraordinary items	7.3%	6.9%	-40 BPS	6.4%	-90 BPS	6.8%	6.9%	10 BPS

In 2Q20, the administrative expenses ratio (measured by the ratio of total administrative expenses to total operating revenues) reached 7.9%, an increase of 100 BPS over the same quarter of 2019, mainly driven by the expenses related to the spin-off process of the auto and P&C segments which had their sale concluded in July/2020. These expenses amounted to R\$31 million in 2Q20 – mainly related to third-party services – and, excluding this effect, the adjusted administrative expenses ratio would have been of 7.3%, an increase of 40 BPS in relation to 2Q19. In the first half of the year, excluding the effect of these extraordinary expenses (totaling around R\$45 million), the adjusted ratio would have been of 6.8%, showing relative stability in comparison to the same period of 2019. In 2Q20, it is worth mentioning the increase in the other administrative expenses line, mainly related to the donations made by the Company during the pandemic, in the amount of around R\$10 million.

Such control in expenses shows the Company's constant effort to seek gains in operating efficiency, even with the recurring investments in innovation and digital transformation projects, which are both essential for the Company's expansion and growth strategy and were also critical for business continuity, especially since they allowed for the offering of high quality assistance to beneficiaries through digital initiatives during the COVID-19 pandemic, boosted by the initiatives of the Coordinated Care strategy. The Company continues with a constant focus on controlling costs and expenses while, at the same time, balancing the continuous investments required for its progress in strategic projects.

6. Investment Income

The tables below only consider the continuing operations, excluding the auto and P&C segments.

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Investment Income ex-Private Pension	69.2	111.2	-37.8%	5.8	NA	75.0	227.9	-67.1%
Return on Investment Portfolio	85.7	146.7	-41.6%	23.2	269.4%	108.9	300.1	-63.7%
Debt Service Cost	-22.7	-35.0	35.1%	-23.9	5.0%	-46.6	-61.9	24.6%
Other Investment Income	6.3	-0.5	NA	6.5	-3.5%	12.8	-10.3	NA
Investment Income from Private Pension	0.6	3.4	-81.3%	0.4	73.6%	1.0	17.9	-94.4%
Return on Investment Portfolio of Private Pension	260.4	177.9	46.3%	-285.7	NA	-25.3	351.3	NA
Change in Liabilities of Private Pension	-259.7	-174.5	-48.8%	286.1	NA	26.3	-333.4	NA
Total Investment Income	69.9	114.6	-39.1%	6.1	NA	76.0	245.9	-69.1%

Balance

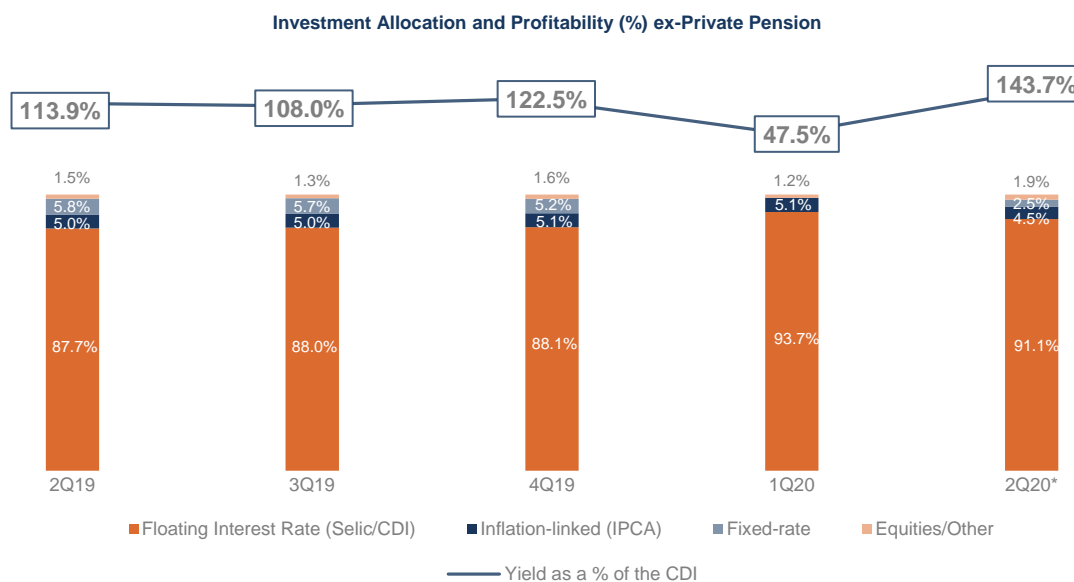
(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ
Balance Excluding Private Pension	8,137.5	8,434.6	-3.5%	7,917.2	2.8%
Private Pension Operations Balance	8,094.5	7,525.3	7.6%	7,879.5	2.7%
Total Balance	16,232.0	15,959.9	1.7%	15,796.8	2.8%

Total net investment income reached R\$69.9 million in 2Q20, 39.1% lower than in 2Q19, mainly explained by a lower return on the investment portfolio, following the reduction of the benchmark interest rate (Selic) in the last 12 months. In relation to 1Q20, the ratio presented relevant recovery, once that quarter had been significantly impacted by the devaluation of equity assets until March/2020. In this context, the return of proprietary assets yielded 143.7% of the CDI (benchmark rate) in 2Q20, in comparison to 23.7% in 1Q20 and 115.9% in 2Q19 (considering only the assets from continuing operations).

Despite the negative effects on the return on investment portfolio line, the lower Selic rate benefits the debt service cost line, which improved by 35.1% when compared to 2Q19, since the Company's debt service is mostly indexed to the CDI, which has a behavior in line with the Selic.

The Company has 91.1% of its proprietary assets (ex-private pension) allocated in Selic-linked assets, 4.5% in inflation-linked (IPCA), 2.5% in fixed rate and 1.9% held in equities and other asset classes. Approximately 87% of the investment allocation position (ex-PGBL and VGBL) is invested in fixed income bonds AAA-rated or sovereign risk securities (Brazilian government bonds).

6. Investment Income (cont.)



*For 2Q20, considers the allocation and profitability of assets related only to continuing operations (ex-private pension).

To help the analysis of the investment income line this quarter, including the auto and P&C discontinued operations, the consolidated financial income was of R\$85.4 million in 2Q20, a reduction of 46.4% in comparison to the same quarter of the previous year, also impacted by the lower Selic rate over the periods. It is worth mentioning that the investment portfolio of discontinued operations did not have a significant exposure to equities, which explains the lower impact suffered in 1Q20 with the negative performance of these assets.

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Total Investment Income	85.4	159.4	-46.4%	39.3	117.3%	124.6	330.7	-62.3%

7. Subsequent Event – Sale of Auto and P&C Segments

On July 10, 2020, in continuity to the material fact disclosed on August 23, 2019, the Company announced the conclusion of the sale of the auto and P&C segments to the Allianz Group. The price paid for the acquisition was of R\$3.2 billion, still subject to certain residual adjustments provided for in the purchase agreement. Accordingly, these operations were reported and analyzed as discontinued operations in the 2Q20 financial statements. The conclusion of the transaction reinforces SulAmérica's strategic positioning focused on personal risks and will represent a non-recurring result in the 2020 net income of approximately R\$1.4 billion, with the addition of approximately R\$2.1 billion to the Company's available cash position. The destination of the proceeds will be as follows, as determined by the Board of Directors: (i) payment for the acquisition of *Paraná Clínicas* at the conclusion of this transaction; (ii) execution of the current share buyback plan; (iii) payment, together with the results for the 2020 fiscal year, of minimum dividends on the non-recurring net capital gain; (iv) payment of the 7th issue of debentures due in December 2020 and reinforcement of the Company's working capital during the pandemic; and (v) investments in the Company's strategic plan and reserve for future acquisitions in the health and dental segments.

8. Summary Income Statement

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenue	4,793.2	4,566.6	5.0%	4,926.6	-2.7%	9,719.8	9,069.5	7.2%
Insurance	4,587.8	4,341.1	5.7%	4,651.3	-1.4%	9,239.1	8,635.8	7.0%
Private Pension	153.5	173.4	-11.5%	205.7	-25.4%	359.2	336.2	6.8%
Saving Bonds	0.1	15.4	-99.4%	14.5	-99.4%	14.6	31.3	-53.3%
ASO	18.2	15.1	21.0%	17.2	6.1%	35.4	30.1	17.7%
Asset Management	15.4	19.8	-22.2%	17.1	-9.9%	32.4	33.2	-2.4%
Other	18.2	1.8	928.9%	20.9	-13.0%	39.1	2.8	NA
Changes in Premium Technical Reserves	-141.6	-165.1	14.2%	-182.9	22.6%	-324.5	-301.4	-7.7%
Insurance	-19.9	-27.9	28.6%	-7.0	-183.5%	-26.9	-34.3	21.4%
Private Pension	-121.7	-137.2	11.3%	-175.9	30.8%	-297.6	-267.2	-11.4%
Operating Expenses	-3,718.1	-3,981.3	6.6%	-4,344.9	14.4%	-8,062.9	-7,886.0	-2.2%
Insurance	-3,688.0	-3,936.4	6.3%	-4,306.2	14.4%	-7,994.2	-7,796.4	-2.5%
Claims	-3,202.1	-3,518.7	9.0%	-3,823.5	16.3%	-7,025.6	-6,922.6	-1.5%
Acquisition Costs	-329.8	-300.0	-9.9%	-342.2	3.6%	-672.0	-605.9	-10.9%
Other	-156.1	-117.7	-32.6%	-140.5	-11.1%	-296.6	-267.9	-10.7%
Private pension	-25.3	-30.0	15.5%	-26.2	3.1%	-51.5	-61.8	16.7%
Benefits and Redemptions Expenses	-13.9	-19.9	30.2%	-15.3	9.2%	-29.2	-41.7	30.1%
Acquisition Costs	-8.5	-8.6	0.9%	-8.8	2.6%	-17.3	-17.9	3.3%
Other	-2.9	-1.5	-93.7%	-2.1	-38.5%	-5.1	-2.3	-124.4%
Saving Bonds	0.1	-8.2	NA	-4.5	NA	-4.5	-16.4	72.8%
ASO	-3.7	-5.6	34.3%	-6.0	38.6%	-9.6	-9.1	-5.3%
Asset Management	-1.1	-1.1	-0.1%	-2.0	46.9%	-3.1	-2.2	-37.8%
Operating Gross Margin	933.5	420.2	122.2%	398.8	134.1%	1,332.4	882.1	51.0%
General and Administrative Expenses	-379.6	-316.0	-20.1%	-327.7	-15.9%	-707.3	-625.3	-13.1%
Net Investment Income	69.9	114.6	-39.1%	6.1	NA	76.0	245.9	-69.1%
Equity Interest Income	-4.0	-10.7	62.6%	0.1	NA	-3.9	1.3	NA
Other Equity Income / (Expenses)	0.3	-2.2	NA	-4.5	NA	-4.2	-2.1	-103.9%
Income before tax and social contribution	620.1	205.9	201.2%	72.9	750.6%	693.0	501.9	38.1%
Income Tax and Social Contribution	-221.4	11.5	NA	-2.9	NA	-224.4	-99.1	-126.5%
Net Income from Continuing Operations	398.7	217.4	83.4%	70.0	469.8%	468.6	402.9	16.3%
Net Income from Discontinued Operations	99.7	43.1	131.4%	9.7	929.1%	109.4	81.0	35.1%
Attributable to Non-Controlling Shareholders	-0.1	0.3	NA	0.2	NA	0.1	0.5	-83.5%
Net Income After Non-Controlling Interests	498.3	260.8	91.0%	79.8	524.3%	578.1	484.3	19.4%

9. Summary Income Statement – pro forma including discontinued operations

(R\$ million)	2Q20	2Q19	Δ	1Q20	Δ	1H20	1H19	Δ
Operating Revenue	5,593.0	5,439.5	2.8%	5,632.0	-0.7%	11,225.0	10,694.0	5.0%
Insurance	5,382.0	5,205.7	3.4%	5,349.7	0.6%	10,731.8	10,243.7	4.8%
Private Pension	153.5	173.4	-11.5%	205.7	-25.4%	359.2	336.2	6.8%
Saving Bonds	0.1	15.4	-99.4%	14.5	-99.4%	14.6	31.3	-53.3%
ASO	18.2	15.1	21.0%	17.2	6.1%	35.4	30.1	17.7%
Asset Management	15.4	19.8	-22.3%	17.1	-9.9%	32.4	33.2	-2.4%
Other	23.7	10.1	135.2%	27.8	-14.6%	51.5	19.5	164.0%
Changes in Premium Technical Reserves	-114.0	-160.9	29.1%	-37.5	-203.7%	-151.6	-164.8	8.0%
Insurance	7.7	-23.7	NA	138.4	-94.5%	146.1	102.4	42.6%
Private Pension	-121.7	-137.2	11.3%	-175.9	30.8%	-297.6	-267.2	-11.4%
Operating Expenses	-4,301.1	-4,718.3	8.8%	-5,084.9	15.4%	-9,386.1	-9,354.0	-0.3%
Insurance	-4,271.1	-4,673.4	8.6%	-5,046.3	15.4%	-9,317.4	-9,264.4	-0.6%
Claims	-3,588.8	-4,053.9	11.5%	-4,361.2	17.7%	-7,949.9	-7,982.6	0.4%
Acquisition Costs	-514.3	-489.7	-5.0%	-532.6	3.4%	-1,046.9	-986.2	-6.2%
Other	-168.1	-129.8	-29.5%	-152.5	-10.2%	-320.6	-295.6	-8.4%
Private pension	-25.3	-30.0	15.5%	-26.2	3.1%	-51.5	-61.8	16.7%
Benefits and Redemptions Expenses	-13.9	-19.9	30.2%	-15.3	9.2%	-29.1	-41.7	30.1%
Acquisition Costs	-8.5	-8.6	0.9%	-8.8	2.5%	-17.3	-17.9	3.3%
Other	-2.9	-1.5	-93.3%	-2.1	-38.4%	-5.1	-2.3	-124.1%
Saving Bonds	0.1	-8.2	NA	-4.5	NA	-4.5	-16.4	72.8%
ASO	-3.7	-5.6	34.4%	-6.0	38.6%	-9.6	-9.1	-5.3%
Asset Management	-1.1	-1.1	-0.2%	-2.0	46.8%	-3.1	-2.2	-37.8%
Operating Gross Margin	1,177.8	560.3	110.2%	509.6	131.1%	1,687.3	1,175.3	43.6%
General and Administrative Expenses	-476.0	-439.6	-8.3%	-459.6	-3.6%	-935.7	-874.9	-6.9%
Net Investment Income	85.4	159.4	-46.4%	39.3	117.3%	124.6	330.7	-62.3%
Equity Interest Income	-4.0	-9.0	55.5%	0.1	NA	-3.9	1.5	NA
Other Equity Income / (Expenses)	2.0	-0.3	NA	-2.6	NA	-0.6	1.7	NA
Income before tax and social contribution	785.1	270.8	190.0%	86.7	805.3%	871.8	634.2	37.5%
Income Tax and Social Contribution	-286.8	-10.3	NA	-7.1	NA	-293.8	-150.4	-95.4%
Net Income	498.4	260.5	91.3%	79.7	525.6%	578.0	483.8	19.5%
Attributable to Non-Controlling Shareholders	-0.1	0.3	NA	0.2	NA	0.1	0.5	-83.5%
Net Income After Non-Controlling Interests	498.3	260.8	91.0%	79.8	524.3%	578.1	484.3	19.4%

10. Summary Balance Sheet

ASSETS			
(R\$ million)	1H20	2019	Δ
Current Assets	20,258.5	20,270.4	-0.1%
Cash, cash equivalents and marketable securities	15,094.5	16,970.1	-11.1%
Receivables	1,139.7	2,287.2	-50.2%
Taxes	70.8	154.8	-54.3%
Reinsurance assets	41.9	26.8	56.5%
Salvages for sale	0.2	68.7	-99.8%
Deferred acquisition costs	329.7	712.7	-53.7%
Discontinued operations assets	3,548.8	-	NA
Other	33.0	50.1	-34.2%
Non-current assets	8,222.5	8,142.1	1.0%
Marketable securities	1,195.0	1,351.0	-11.5%
Receivables	1,500.4	1,308.2	14.7%
Judicial deposits	2,790.5	2,854.4	-2.2%
Reinsurance assets	5.8	7.6	-23.3%
Deferred acquisition costs	687.0	704.2	-2.4%
Taxes	1,327.7	1,145.1	15.9%
Other	8.9	14.6	-38.9%
Leasing assets	138.6	163.4	-15.1%
Investments, property and equipment, and intangible assets	568.6	593.7	-4.2%
Total Assets	28,481.1	28,412.5	0.2%
LIABILITIES			
(R\$ million)	1H20	2019	Δ
Current Liabilities	10,471.4	10,376.4	0.9%
Accounts payable	1,427.5	2,254.2	-36.7%
Loans and financing	823.1	178.0	362.3%
Insurance and reinsurance liabilities	249.5	395.6	-36.9%
Technical reserves - Insurance	5,187.2	7,439.5	-30.3%
Judicial provisions	115.3	80.7	42.9%
Discontinued operations liabilities	2,640.7	-	NA
Other	28.2	28.4	-0.6%
Non-current Liabilities	10,517.6	10,888.3	-3.4%
Accounts payable	205.4	235.4	-12.7%
Loans and financing	1,355.0	1,572.3	-13.8%
Technical reserves - Insurance	6,648.4	6,790.4	-2.1%
Judicial provisions	2,308.6	2,284.5	1.1%
Other	0.1	5.7	-99.0%
Shareholders' Equity	7,492.1	7,147.7	4.8%
Total Liabilities and Shareholders' Equity	28,481.1	28,412.5	0.2%

11. Analyst Coverage

Firm	Analyst	Phone
Ágora	Aloísio Lemos	+55 (21) 2529-0807
Brasil Plural	Eduardo Nishio	+55 (11) 3206-8240
BTG Pactual	Samuel Alves	+55 (11) 3383-2450
Citi	Felipe Salomão	+55 (11) 4009-2650
Credit Suisse	Maurício Cepeda	+55 (11) 3701-6307
Eleven Financial	Carlos Eduardo Daltozo	+55 (11) 4009-2650
JP Morgan	Guilherme Grespan	+55 (11) 4950-3058
Safra	Ricardo Boiati	+55 (11) 3175-8987
Santander	Henrique Navarro	+55 (11) 3012-5756
UBS	Vinicius Ribeiro	+55 (11) 3513-6562
XP Investimentos	Marcel Campos	+55 (11) 3526-1472

12. Glossary

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

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

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

Insurance Operational Ratios

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

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

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

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

Other data can be found in the fundamentals spreadsheet, available at the Investor Relations website (www.sulamerica.com.br/ir).

Other Consolidated Ratios

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

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

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

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

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