Capital Stock

Shares Number (units)	Current Year 12/31/2018
Capital Stock	
Common	**592,688,393**
Preferred	**589,773,510**
Total	**1,182,461,903**
Treasury Stock	
Common	**7,243,628**
Preferred	**14,487,261**
Total	**21,730,889**

CASH DIVIDENDS

EVENT	APPROVAL	TYPE	DATE OF PAYMENT	TYPE OF SHARE	AMOUNT PER SHARE
Annual and Extraordinary Shareholders's Meeting	**03/29/2018**	**Dividends**	**04/18/2018**	**Common share**	**0.05469**
Annual and Extraordinary Shareholders's Meeting	**03/29/2018**	**Dividends**	**04/18/2018**	**Preferred share**	**0.05469**
Board of Directors Meeting	**12/22/2017**	**Interest on Shareholders' Equity**	**04/18/2018**	**Common share**	**0.12059**
Board of Directors Meeting	**12/22/2017**	**Interest on Shareholders' Equity**	**04/18/2018**	**Preferred share**	**0.12059**

Financial Statements Company / Assets

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
1	Total Assets	8,005,854	7,442,458	6,627,794
1.01	Current Assets	465,544	829,664	759,118
1.01.01	Cash and Cash Equivalents	117	61	81
1.01.01.01	Cash and Banks	117	61	81
1.01.01.02	Cash Equivalents	-	-	-
1.01.02	Marketable Securities	158,033	512,768	517,588
1.01.02.01	Marketable Securities Valued at Fair Value	157,151	512,768	517,588
1.01.02.01.01	Securities Trading	157,151	512,768	517,588
1.01.02.01.02	Securities Available for Sale	-	-	-
1.01.02.03	Marketable Securities Accounted for Amortized Cost	882	-	-
1.01.02.03.01	Securities Held to Maturity	882	-	-
1.01.03	Accounts Receivable	260,881	213,165	178,779
1.01.03.01	Customers	260,881	213,165	178,779
1.01.03.01.01	Receivables	260,881	213,165	178,779
1.01.03.02	Other Accounts Receivable	-	-	-
1.01.04	Inventories	-	-	-
1.01.05	Biological Assets	-	-	-
1.01.06	Tax Recoverable	46,513	103,230	62,274
1.01.06.01	Current Tax Recoverable	46,513	103,230	62,274
1.01.07	Prepaid Expenses	-	-	-
1.01.08	Other Current Assets	-	440	396
1.01.08.01	Non-current Assets for Sale	-	-	-
1.01.08.02	Assets of Discontinued Operations	-	-	-
1.01.08.03	Other	-	440	396
1.01.08.03.01	Reinsurance assets	-	-	-
1.01.08.03.02	Deferred Acquisition Costs	-	-	-
1.01.08.03.03	Other	-	440	396
1.02	Non-current Assets	7,540,310	6,612,794	5,868,676
1.02.01	Long-term Assets	112,729	59,230	70,355
1.02.01.01	Marketable Securities Valued at Fair Value	-	-	-
1.02.01.01.01	Securities Trading	-	-	-
1.02.01.01.02	Securities Available for Sale	-	-	-
1.02.01.03	Marketable Securities Accounted for Amortized Cost	-	-	-
1.02.01.03.01	Securities Held to Maturity	-	-	-
1.02.01.04	Accounts Receivable	-	-	-
1.02.01.04.01	Customers	-	-	-

Financial Statements Company / Assets

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
1.02.01.04.02	Other	-	-	-
1.02.01.05	Inventories	-	-	-
1.02.01.06	Biological Assets	-	-	-
1.02.01.07	Deffered Tax	111,036	57,597	68,802
1.02.01.07.01	Income Tax and Social Contribution	111,036	57,597	68,802
1.02.01.08	Prepaid Expenses	-	-	-
1.02.01.09	Loans to Related Parties	-	-	-
1.02.01.09.01	Loans to Affiliates	-	-	-
1.02.01.09.02	Loans to Subsidiaries	-	-	-
1.02.01.09.03	Credits with Controllers	-	-	-
1.02.01.09.04	Loans to Others Related Parties	-	-	-
1.02.01.10	Others Non-Current Assets	1,693	1,633	1,553
1.02.01.10.01	Non-current Assets for Sale	-	-	-
1.02.01.10.02	Assets of Discontinued Operations	-	-	-
1.02.01.10.03	Judicial deposits	1,693	1,633	1,553
1.02.01.10.04	Reinsurance assets	-	-	-
1.02.01.10.05	Deferred Acquisition Costs	-	-	-
1.02.01.10.06	Other	-	-	-
1.02.02	Investments	7,427,579	6,553,562	5,798,316
1.02.02.01	Equity in Associated Companies	7,427,579	6,553,562	5,798,316
1.02.02.01.01	Investments in Affiliates	5,970,998	5,274,784	3,360,637
1.02.02.01.02	Investments in Subsidiaries	1,456,581	1,278,778	2,437,679
1.02.02.01.03	Investments in Jointly Controlled	-	-	-
1.02.02.01.04	Others Equity in Associated Companies	-	-	-
1.02.02.02	Properties for Investiments	-	-	-
1.02.02.02.01	Property for Rent	-	-	-
1.02.02.02.02	(-) Depreciation	-	-	-
1.02.03	Property and Equipment	2	2	4
1.02.03.01	Property and Equipment in Operation	2	2	4
1.02.03.02	Property and Equipment Leased	-	-	-
1.02.03.03	Property and Equipment in Progress	-	-	-
1.02.04	Intangible Assets	-	-	1
1.02.04.01	Intangible Assets	-	-	1
1.02.04.01.01	Concession	-	-	-
1.02.04.01.02	Trademarks and Patents	-	-	-
1.02.04.01.03	Goodwill	-	-	-

Financial Statements Company / Assets

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
1.02.04.01.04	Software	-	-	1
1.02.04.01.05	Expenditure Organization, Implementation and Installation	-	-	-
1.02.04.01.06	(-) Amortization	-	-	-
1.02.04.02	Goodwill	-	-	-

Financial Statements Company / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2	Total Liabilities and Shareholders' Equity	8,005,854	7,442,458	6,627,794
2.01	Current Liabilities	695,138	534,696	538,889
2.01.01	Social Obligations and Labor	-	-	-
2.01.01.01	Social Obligations	-	-	-
2.01.01.02	Payroll	-	-	-
2.01.01.02.01	Labor Contingencies	-	-	-
2.01.02	Suppliers	-	-	-
2.01.02.01	National Suppliers	-	-	-
2.01.02.02	International Suppliers	-	-	-
2.01.03	Tax	35,195	37,638	34,107
2.01.03.01	Federal Tax	35,195	37,638	34,107
2.01.03.01.01	Income Tax and Social Contribution Payable	1,591	2,672	176
2.01.03.01.02	PIS / COFINS Payable	9,956	27,631	20,111
2.01.03.01.05	Other Taxes and Contributions	141	124	135
2.01.03.01.06	Third-party Income Tax	23,507	7,211	13,685
2.01.03.02	State Tax	-	-	-
2.01.03.03	Municipal Tax	-	-	-
2.01.03.03.01	Services Rendered Tax Payable	-	-	-
2.01.04	Loans and Financing	443,639	298,826	335,934
2.01.04.01	Loans and Financing	1,476	160,612	21,424
2.01.04.01.01	Loans and Financing - Local Currency	1,476	160,612	21,424
2.01.04.01.02	Loans and Financing - Foreign Currency	-	-	-
2.01.04.02	Debentures	442,163	138,214	314,510
2.01.04.03	Financing for Lease	-	-	-
2.01.05	Other Obligations	216,304	198,232	168,848
2.01.05.01	Related Party Liabilities	792	87	19
2.01.05.01.01	Debts with Affiliates	-	-	-
2.01.05.01.02	Debts with Subsidiaries	-	-	-
2.01.05.01.03	Debts with Controllers	-	-	-
2.01.05.01.04	Other Debts with Related Parties	792	87	19
2.01.05.02	Other	215,512	198,145	168,829
2.01.05.02.01	Dividends and Interest on Capital Payable	214,977	184,940	165,856
2.01.05.02.02	Minimum Mandatory Dividend Payable	-	-	-
2.01.05.02.03	Obligations for stock incentive	-	-	-
2.01.05.02.04	Accounts Payable	263	86	146
2.01.05.02.05	Other Accounts Payable	272	13,119	2,827
2.01.06	Provisions	-	-	-
2.01.06.01	Provisions Tax, Social Security, Labor and Civil	-	-	-
2.01.06.01.01	Tax Contingencies	-	-	-

Financial Statements Company / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.01.06.01.02	Labor Contingencies and Social Security	-	-	-
2.01.06.01.03	Provisions for Employee Benefits	-	-	-
2.01.06.01.04	Civil Contingencies	-	-	-
2.01.06.02	Other	-	-	-
2.01.06.02.01	Warranties Provision	-	-	-
2.01.06.02.02	Restructuring Provision	-	-	-
2.01.06.02.03	Provision for Environmental Liabilities and Desactivation	-	-	-
2.01.07	Liabilities Non-Current Assets of the Sale and Discontinued	-	-	-
2.01.07.01	Liabilities Non-Current Assets on Sale	-	-	-
2.01.07.02	Liabilities of Discontinued Operations Assets	-	-	-
2.02	Non-Current Liabilities	1,024,604	1,284,900	1,062,125
2.02.01	Loans and Financing	1,022,069	1,282,616	1,060,378
2.02.01.01	Loans and Financing	160,000	-	160,000
2.02.01.01.01	Loans and Financing - Local Currency	160,000	-	160,000
2.02.01.01.02	Loans and Financing - Foreign Currency	-	-	-
2.02.01.02	Debentures	862,069	1,282,616	900,378
2.02.01.03	Financing for Lease	-	-	-
2.02.02	Other Obligations	-	-	-
2.02.02.01	Related Party Liabilities	-	-	-
2.02.02.01.01	Debts with Affiliates	-	-	-
2.02.02.01.02	Debts with Subsidiaries	-	-	-
2.02.02.01.03	Debts with Controllers	-	-	-
2.02.02.01.04	Other Debts with Related Parties	-	-	-
2.02.02.02	Other	-	-	-
2.02.02.02.01	Obligations for stock incentive	-	-	-
2.02.02.02.02	Future Capital Increase	-	-	-
2.02.02.02.03	Accounts Payable	-	-	-
2.02.02.02.04	Other Accounts Payable	-	-	-
2.02.02.02.05	Other	-	-	-
2.02.03	Deferred Taxes	-	-	-
2.02.03.01	Income Tax and Social Contribution	-	-	-
2.02.04	Provisions	2,535	2,284	1,747
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	2,535	2,284	1,747
2.02.04.01.01	Tax Contingencies	2,535	2,284	1,747
2.02.04.01.02	Labor Contingencies and Social Security	-	-	-

Financial Statements Company / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.02.04.01.03	Provisions for Employee Benefits	-	-	-
2.02.04.01.04	Civil Contingencies	-	-	-
2.02.04.02	Other	-	-	-
2.02.04.02.01	Warranties Provision	-	-	-
2.02.04.02.02	Restructuring Provision	-	-	-
2.02.04.02.03	Provision for Environmental Liabilities and Desactivation	-	-	-
2.02.04.02.04	Technical reserves - Insurance	-	-	-
2.02.05	Liabilities Non-Current Assets of the Sale and Discontinued	-	-	-
2.02.05.01	Liabilities Non-Current Assets on Sale	-	-	-
2.02.05.02	Liabilities of Discontinued Operations Assets	-	-	-
2.02.06	Unearned Profits and Revenue	-	-	-
2.02.06.01	Unearned Profits	-	-	-
2.02.06.02	Unearned Revenue	-	-	-
2.02.06.03	Grants Investment	-	-	-
2.03	Shareholders' Equity	6,286,112	5,622,862	5,026,780
2.03.01	Capital	3,319,882	3,319,882	2,319,882
2.03.02	Capital Reserves	258,753	269,536	280,169
2.03.02.01	Goodwill on Issue of Shares	303,567	316,534	327,887
2.03.02.02	Special Reserve Goodwill	25,995	25,995	25,995
2.03.02.03	Sale of the Warrant	-	-	-
2.03.02.04	Options Granted	88,121	74,007	50,128
2.03.02.05	Treasury Stock	(119,017)	(107,087)	(83,928)
2.03.02.06	Future Capital Increase	-	-	-
2.03.02.07	Transactions capital - goodwill and negative goodwill	(39,913)	(39,913)	(39,913)
2.03.03	Revaluation Reserves	-	-	-
2.03.04	Profit Reserves	2,701,298	2,034,698	2,464,373
2.03.04.01	Legal Reserve	267,821	222,573	183,882
2.03.04.02	Statutory Reserve	2,433,477	1,812,125	2,280,491
2.03.04.03	Contingency Reserve	-	-	-
2.03.04.04	Unrealized Profit Reserve	-	-	-
2.03.04.05	Retained Profits	-	-	-
2.03.04.06	Special Reserve Unpaid Dividends	-	-	-
2.03.04.07	Tax Incentive Reserve	-	-	-
2.03.04.08	Additional Proposed Dividend	-	-	-
2.03.04.09	Treasury Stock	-	-	-
2.03.05	Profits / Losses	-	-	-

Financial Statements Company / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.03.06	Equity Adjustment	6,179	(1,254)	(37,644)
2.03.07	Cumulative Translation Adjustments	-	-	-
2.03.08	Other Comprehensive Income	-	-	-
2.03.09	Participation of Non-controlling Shareholders	-	-	-

Financial Statements Company / Income Statements

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
3.01	Revenue from Sales and Services	-	-	-
3.01.01	Net premiums - Insurance	-	-	-
3.01.02	Other Operating Income - Insurance	-	-	-
3.01.03	Premiums, retained contributions and net asset management fee - Private pension	-	-	-
3.01.04	Other Operating Income - Private pension	-	-	-
3.01.05	Saving bonds	-	-	-
3.01.06	ASO	-	-	-
3.01.07	Asset management	-	-	-
3.01.08	Other Operating Income	-	-	-
3.01.09	Changes in Technical Reserves - Insurance	-	-	-
3.01.10	Changes in Technical Reserves - Private pension	-	-	-
3.02	Cost of Products and Services Sold	-	-	-
3.02.01	Claims - Insurance	-	-	-
3.02.02	Acquisition Costs - Insurance	-	-	-
3.02.03	Other Operating Expenses - Insurance	-	-	-
3.02.04	Benefit expenses - Private Pension	-	-	-
3.02.05	Acquisition Costs - Private Pension	-	-	-
3.02.06	Other Operating Expenses - Private Pension	-	-	-
3.02.07	Saving bonds	-	-	-
3.02.08	ASO	-	-	-
3.02.09	Asset management	-	-	-
3.02.10	Other Operating Expenses	-	-	-
3.03	Gross Profit	-	-	-
3.04	Operating Income/Expenses	1,000,653	879,252	796,860
3.04.01	Selling Expenses	-	-	-
3.04.02	General and Administrative Expenses	(48,557)	(44,659)	(42,294)
3.04.02.01	Administrative Expenses	(48,557)	(44,659)	(42,294)
3.04.03	Impairment of Assets	-	-	-
3.04.04	Other Operating Income	-	-	(3)
3.04.04.01	Equity Income (Expense Net)	-	-	(3)
3.04.05	Other Operating Expenses	-	-	-
3.04.06	Equity interest	1,049,210	923,911	839,157
3.05	Income Before Income Taxes and Financial	1,000,653	879,252	796,860
3.06	Investment Income	(86,020)	(102,062)	(114,980)

Financial Statements Company / Income Statements

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
3.06.01	Investment Income	26,583	30,476	22,727
3.06.02	Investment Expenses	(112,603)	(132,538)	(137,707)
3.07	Income Before Income Tax, Social Contribution and Profit Sharing	914,633	777,190	681,880
3.08	Income Tax and Social Contribution on Profit	(9,673)	(3,938)	13,377
3.08.01	Current	(6,886)	(2,755)	(633)
3.08.02	Deffered	(2,787)	(1,183)	14,010
3.09	Net Profit from Continuing Operations	904,960	773,252	695,257
3.10	Net Profit from Discontinued Operations	-	-	-
3.10.01	Net Income / Loss from Discontinued Operations	-	-	-
3.10.02	Gains / losses on Net Assets of Discontinued Operations	-	-	-
3.11	Net Income	904,960	773,252	695,257
3.99	Earnings per Share			-
3.99.01	Basic Earnings per Share			-
3.99.01.01	For Preferred Share	0.77890	0.68800	0.69270
3.99.01.02	For Common Share	0.77930	0.68810	0.69250
3.99.02	Diluted Earnings per Share			-
3.99.02.01	For Preferred Share	0.76810	0.67790	0.68280
3.99.02.02	For Common Share	0.77390	0.68310	0.68760

Financial Statements Company / Comprehensive Income

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
4.01	Net Income Company - Period	904,960	773,252	695,257
4.02	Other Components of Comprehensive Income	7,433	36,390	80,768
4.02.01	Unrealized actuarial losses on defined benefit pension plan, net of gains	(156)	-	-
4.02.02	Gains and (losses) not realized in financial assets available for sale	-	-	-
4.02.03	Unrealized losses on cash flow hedge, net of gains	-	-	-
	Realized gains on cash flow hedge, net of losses	-	-	-
4.02.04	Income tax and social contribution related to components of other comprehensive income	52	-	-
4.02.05	Gains and (losses) of Change in Ownership Interest	(331)	(3,836)	(4,533)
4.03	Comprehensive Income for the Period	912,393	809,642	776,025

Financial Statements Company / Statements of Cash Flow - Indirect Method

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
6.01	Net cash by Operating Activities	333,189	(5,892)	(178,074)
6.01.01	Cash generated by operating activities	(28,159)	(21,239)	(28,185)
6.01.01.01	Net income before tax and social contribution	914,633	777,190	681,880
6.01.01.02	Depreciation and amortization	1	2	3
6.01.01.03	Interest and inflation adjustment of issued debentures	111,485	131,447	135,917
6.01.01.04	Equity loss in associated companies	-	-	-
6.01.01.05	Interest and inflation adjustments on REFIS - tax refinance	-	-	-
6.01.01.06	Interest and inflation adjustments on judicial deposits and lawsuits	63	68	101
6.01.01.07	Stock options	20	12	20
6.01.01.08	Positive equity interest	(1,049,210)	(923,911)	(839,157)
6.01.01.09	Writeoff on sale of investments	-	-	-
6.01.01.10	Gain on sale of investments or fixed assets	-	-	-
6.01.01.11	Interest and inflation adjustment on tax credit offset	(7,774)	(8,508)	(9,202)
6.01.01.12	Interest and inflation adjustment on judicial deposits	(50)	(80)	(105)
6.01.01.13	Other	(184)	-	5
6.01.01.14	Transaction costs of issued securities	2,857	2,541	2,353
6.01.02	Change in assets and liabilities	361,348	15,347	(149,889)
6.01.02.01	Change in marketable securities	354,735	4,820	(293,699)
6.01.02.02	Change in receivables	58,342	58,951	31,686
6.01.02.03	Change in taxes	34,460	(21,243)	3,006
6.01.02.04	Change in reinsurance assets	-	-	-
6.01.02.05	Change in judicial deposits	(10)	-	-
6.01.02.06	Dividends and interest on equity received	90,847	121,056	259,301
6.01.02.07	Change in salvages for sale	-	-	-
6.01.02.08	Change in other assets/liabilities	440	(44)	(199)
6.01.02.09	Change in deferred Acquisition costs	-	-	-
6.01.02.10	Change deferred taxes assets	-	-	-
6.01.02.11	Change in accounts payable	(69,888)	(11,485)	19,751
6.01.02.12	Change in loans and financing	-	-	-
6.01.02.13	interest Paid	(106,196)	(137,177)	(131,355)
6.01.02.14	Change in deferred taxes	-	-	(104)
6.01.02.15	Change in insurance and reinsurance liabilities	-	-	-
6.01.02.16	Change in technical reserves - Insurance	-	-	-
6.01.02.17	Changes in accrued liabilities for lawsuits	188	469	360
6.01.02.18	Change in other provisions	-	-	-
6.01.02.19	Income tax and social contribution paid	(1,570)	-	-
6.01.02.20	Withholding income tax on dividends received	-	-	(38,636)
6.01.03	Others	-	-	-
6.02	Net cash by Investing Activities	-	-	371
6.02.01	Increase in capital	-	-	-
6.02.02	Purchase of equity interest	-	-	-
6.02.03	Selling of equity interest	-	-	-
6.02.04	Purchase of fixed assets and intangible assets	-	-	-

Financial Statements Company / Statements of Cash Flow - Indirect Method

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
6.02.05	Selling of fixed assets and intangible assets	-	-	371
6.02.20	Other net proceeds and (payments)	-	-	-
6.03	Net Cash by Financing Activities	(333,133)	5,872	177,173
6.03.01	Loans end credit lines	-	500,000	500,000
6.03.02	Amortization of loans	(123,321)	(310,021)	(186,650)
6.03.03	Capital increase - Receiving	-	-	-
6.03.04	Decrease capital - Payment	-	-	-
6.03.05	Purchase of shares to hold them in treasury	(32,070)	(24,918)	(3,021)
6.03.06	Selling of shares in treasury	7,173	5,349	7,087
6.03.07	Options granted exercised	-	-	105
6.03.08	Repurchase of shares in market	-	-	-
6.03.09	Dividends and interest on equity paid	(184,915)	(164,538)	(140,348)
6.03.10	Refis - tax refinance	-	-	-
6.03.11	Financial lease	-	-	-
6.03.20	Other net proceeds and (payments)	-	-	-
6.04	Foreign Exchange on Cash and Equivalents	-	-	-
6.05	Increase/(Decrease) in Cash and Cash Equivalents	56	(20)	(530)
6.05.01	Cash and Cash Equivalents at Beginning of Period	61	81	611
6.05.02	Cash and Cash Equivalents at End of Period	117	61	81

Financial Statements Company / Statement of Changes in Shareholders' Equity - 01/01/2018 to 12/31/2018

(in thousands of Reais)

Code	Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity
5.01	Opening Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862
5.02	Prior Year Adjustments	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-
5.03	Adjustments Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862
5.04	Capital Transactions with Partens	-	(10,783)	-	-	-	(10,783)
5.04.01	Capital Increase	-	-	-	-	-	-
5.04.02	Stock Issue Expenses	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	14,114	-	-	-	14,114
5.04.04	Treasury Stock Acquired	-	(32,070)	-	-	-	(32,070)
5.04.05	Treasury Shares Sold	-	7,173	-	-	-	7,173
5.04.06	Supplementary dividends	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-
5.04.10	Reversion of Estatutary Reserve	-	-	-	-	-	-
5.04.11	Intermediaries/Interim Dividends	-	-	-	-	-	-
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-
5.04.14	Transactions capital - negative goodwill	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	904,960	7,433	912,393
5.05.01	Net Income	-	-	-	904,960	-	904,960
5.05.02	Other Comprehensive Income	-	-	-	-	7,433	7,433
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	(156)	(156)
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	52	52
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	7,868	7,868
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-
5.05.02.08	Gains and (losses) of Change in Ownership Interest	-	-	-	-	(331)	(331)
5.05.02.09	Others adjustments	-	-	-	-	-	-
5.05.03	Reclassification to Results	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	666,600	(904,960)	-	(238,360)
5.06.01	Increase of Capital Reserves	-	-	666,600	(666,600)	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.04	Intermediaries Dividends	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(78,360)	-	(78,360)
5.06.07	Interest on Shareholders' Equity	-	-	-	(160,000)	-	(160,000)
5.06.08	Realized on Reserves	-	-	-	-	-	-
5.06.09	Others adjustments	-	-	-	-	-	-
5.07	Final Balance	3,319,882	258,753	2,701,298	-	6,179	6,286,112

Financial Statements Company / Statement of Changes in Shareholders' Equity - 01/01/2017 to 12/31/2017

(in thousands of Reais)

Code	Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity
5.01	Opening Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780
5.02	Prior Year Adjustments	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-
5.03	Adjustments Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780
5.04	Capital Transactions with Partens	1,000,000	(10,633)	-	-	-	989,367
5.04.01	Capital Increase	1,000,000	-	-	-	-	1,000,000
5.04.02	Stock Issue Expenses	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	8,936	-	-	-	8,936
5.04.04	Treasury Stock Acquired	-	(24,918)	-	-	-	(24,918)
5.04.05	Treasury Shares Sold	-	5,349	-	-	-	5,349
5.04.06	Supplementary dividends	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-
5.04.10	Reversion of Estatutary Reserve	-	-	-	-	-	-
5.04.11	Intermediaries/Interim Dividends	-	-	-	-	-	-
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-
5.04.14	Transactions capital - negative goodwill	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	773,252	36,390	809,642
5.05.01	Net Income	-	-	-	773,252	-	773,252
5.05.02	Other Comprehensive Income	-	-	-	-	36,390	36,390
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	-	-
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	-	-
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	40,226	40,226
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-
5.05.02.08	Gains and (losses) of Change in Ownership Interest	-	-	-	-	(3,836)	(3,836)
5.05.02.09	Others adjustments	-	-	-	-	-	-
5.05.03	Reclassification to Results	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	(429,675)	(773,252)	-	(1,202,927)
5.06.01	Increase of Capital Reserves	-	-	570,325	(570,325)	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.04	Intermediaries Dividends	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(63,500)	-	(63,500)
5.06.07	Interest on Shareholders' Equity	-	-	-	(140,000)	-	(140,000)
5.06.08	Realized on Reserves	-	-	(1,000,000)	-	-	(1,000,000)
5.06.09	Others adjustments	-	-	-	573	-	573
5.07	Final Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862

Financial Statements Company / Statement of Changes in Shareholders' Equity - 01/01/2016 to 12/31/2016

(in thousands of Reais)

Code	Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity
5.01	Opening Balance	2,319,882	262,486	1,947,823	-	(118,412)	4,411,779
5.02	Prior Year Adjustments	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-
5.03	Adjustments Balance	2,319,882	262,486	1,947,823	-	(118,412)	4,411,779
5.04	Capital Transactions with Partens	-	17,683	-	-	-	17,683
5.04.01	Capital Increase	-	-	-	-	-	-
5.04.02	Stock Issue Expenses	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	13,512	-	-	-	13,512
5.04.04	Treasury Stock Acquired	-	(3,021)	-	-	-	(3,021)
5.04.05	Treasury Shares Sold	-	7,192	-	-	-	7,192
5.04.06	Dividends	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-
5.04.10	Reversal of Reserve for Business Expansion	-	-	-	-	-	-
5.04.11	Intermediaries Dividends	-	-	-	-	-	-
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-
5.04.14	Transactions capital - negative goodwill	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	695,257	80,768	776,025
5.05.01	Net Income	-	-	-	695,257	-	695,257
5.05.02	Other Comprehensive Income	-	-	-	-	80,768	80,768
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	-	-
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	-	-
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	85,301	85,301
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-
5.05.02.08	Gains and (losses) of Change in Ownership Interest	-	-	-	-	(4,533)	(4,533)
5.05.02.09	Others adjustments	-	-	-	-	-	-
5.05.03	Reclassification to Results	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	516,550	(695,257)	-	(178,707)
5.06.01	Increase of Capital Reserves	-	-	516,550	(516,550)	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-
5.06.04	Intermediaries Dividends	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(80,707)	-	(80,707)
5.06.07	Interest on Shareholders' Equity	-	-	-	(98,000)	-	(98,000)
5.06.08	Realized on Reserves	-	-	-	-	-	-
5.07	Final Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780

Financial Statements Company / Statement of Added Value

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
7.01	Revenues	-	-	-
7.01.01	Sales of Goods, Products and Services	-	-	-
7.01.02	Other Revenues	-	-	-
7.01.02.01	Changes in Technical Reserves - Insurance	-	-	-
7.01.02.02	Changes in Technical Reserves - Private pension	-	-	-
7.01.02.03	Profit from sale of permanent assets	-	-	-
7.01.02.04	Other	-	-	-
7.01.03	Revenue for the Construction of Owned Assets	-	-	-
7.01.04	Provision for Doubtful Accounts - Reversion / (Constitution)	-	-	-
7.02	Input Purchase from Third-Parties	(12,154)	(9,515)	(10,905)
7.02.01	Cost Products, Goods and Services Sold	-	-	-
7.02.02	Materials-Energy-Services-Other Third Party	(12,154)	(9,515)	(10,905)
7.02.03	Loss/ Assets Value Recuperation	-	-	-
7.02.04	Other	-	-	-
7.03	Gross Added Value	(12,154)	(9,515)	(10,905)
7.04	Retentions	(1)	(2)	(3)
7.04.01	Depreciation, Amortization and Depletion	(1)	(2)	(3)
7.04.02	Other	-	-	-
7.05	Net Added Value Produced	(12,155)	(9,517)	(10,908)
7.06	Added Value Received/ Ceded in Transfer	1,072,471	953,009	861,459
7.06.01	Equity interest	1,049,210	923,911	839,157
7.06.02	Investment Income	26,132	29,928	22,259
7.06.03	Other	(2,871)	(830)	43
7.06.03.01	Net of Reinsurance Ceded Operation	-	-	-
7.06.03.02	Net of Coinsurance Ceded Operation	-	-	-
7.06.03.03	Exchange Variation - Loans and Commitments Receivable	-	-	-
7.06.03.04	Monetary and Exchange Variation - Insurance and Private Pension	-	-	-
7.06.03.05	Monetary Variation - Judicial Deposits	50	80	105
7.06.03.06	Other	(2,921)	(910)	(62)
7.07	Added Value to be Distributed	1,060,316	943,492	850,551
7.08	Distribution of Added Value	1,060,316	943,492	850,551
7.08.01	Personnel	4,957	5,037	5,121
7.08.01.01	Direct Remuneration	4,798	4,855	5,065
7.08.01.02	Benefits	159	182	56

Financial Statements Company / Statement of Added Value

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
7.08.01.03	F.G.T.S	-	-	-
7.08.01.04	Other	-	-	-
7.08.02	Taxes, Fees and Contributions	38,085	32,984	12,635
7.08.02.01	Federal	38,047	32,909	12,612
7.08.02.02	State	-	-	-
7.08.02.03	Municipal	38	75	23
7.08.03	Interest on Shareholders'	112,314	132,219	137,538
7.08.03.01	Interest	111,485	131,447	135,918
7.08.03.02	Rentals	149	200	252
7.08.03.03	Other	680	572	1,368
7.08.04	Return of Capital	904,960	773,252	695,257
7.08.04.01	Interest on Shareholders' Equity	160,000	140,000	98,000
7.08.04.02	Dividends	78,360	63,500	80,707
7.08.04.03	Retained Earnings (Accumulated Deficit)	666,600	569,752	516,550
7.08.05	Other	-	-	-

Financial Statements Consolidated / Assets

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
1	Total Assets	25,703,769	23,449,518	21,808,563
1.01	Current Assets	18,712,413	17,014,304	15,953,890
1.01.01	Cash and Cash Equivalents	629,478	640,955	932,323
1.01.01.01	Cash and Banks	61,553	78,969	56,567
1.01.01.02	Cash Equivalents	567,925	561,986	875,756
1.01.02	Marketable Securities	14,971,745	13,478,203	12,235,711
1.01.02.01	Marketable Securities Valued at Fair Value	14,937,590	13,421,021	11,914,337
1.01.02.01.01	Securities Trading	8,394,236	7,124,244	6,344,686
1.01.02.01.02	Securities Available for Sale	6,543,354	6,296,777	5,569,651
1.01.02.03	Marketable Securities Accounted for Amortized Cost	34,155	57,182	321,374
1.01.02.03.01	Securities Held to Maturity	34,155	57,182	321,374
1.01.03	Accounts Receivable	2,164,249	1,974,166	1,908,259
1.01.03.01	Customers	2,164,249	1,974,166	1,908,259
1.01.03.01.01	Receivables	2,164,249	1,974,166	1,908,259
1.01.03.02	Other Accounts Receivable	-	-	-
1.01.04	Inventories	-	-	-
1.01.05	Biological Assets	-	-	-
1.01.06	Tax Recoverable	182,075	225,348	163,069
1.01.06.01	Current Tax Recoverable	182,075	225,348	163,069
1.01.07	Prepaid Expenses	-	-	-
1.01.08	Other Current Assets	764,866	695,632	714,528
1.01.08.01	Non-current Assets for Sale	44,843	51,103	71,923
1.01.08.02	Assets of Discontinued Operations	-	-	-
1.01.08.03	Other	720,023	644,529	642,605
1.01.08.03.01	Reinsurance assets	35,845	25,167	26,869
1.01.08.03.02	Deferred Acquisition Costs	663,259	596,212	597,865
1.01.08.03.03	Other	20,919	23,150	17,871
1.02	Non-current Assets	6,991,356	6,435,214	5,854,673
1.02.01	Long-term Assets	6,567,069	6,026,615	5,466,695
1.02.01.01	Marketable Securities Valued at Fair Value	-	-	-
1.02.01.01.01	Securities Trading	-	-	-
1.02.01.01.02	Securities Available for Sale	-	-	-
1.02.01.03	Marketable Securities Accounted for Amortized Cost	1,260,838	1,146,975	1,118,705
1.02.01.03.01	Securities Held to Maturity	1,260,838	1,146,975	1,118,705
1.02.01.04	Accounts Receivable	908,356	718,433	512,049
1.02.01.04.01	Customers	908,356	718,433	512,049

Financial Statements Consolidated / Assets

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
1.02.01.04.02	Other	-	-	-
1.02.01.05	Inventories	-	-	-
1.02.01.06	Biological Assets	-	-	-
1.02.01.07	Deffered Taxes	965,267	796,027	767,007
1.02.01.07.01	Income Tax and Social Contribution	658,634	568,826	565,998
1.02.01.07.02	Recoverable Taxes and Contributions - PIS/ COFINS	168,540	152,925	137,497
1.02.01.07.03	Recoverable Taxes and Contributions - OTHERS	138,093	74,276	63,512
1.02.01.07.04	(-) Allowance for Doubtful Accounts	-	-	-
1.02.01.08	Prepaid Expenses	-	-	-
1.02.01.09	Loans to Related Parties	-	-	-
1.02.01.09.01	Loans to Affiliates	-	-	-
1.02.01.09.02	Loans to Subsidiaries	-	-	-
1.02.01.09.03	Credits with Controllers	-	-	-
1.02.01.09.04	Loans to Others Related Parties	-	-	-
1.02.01.10	Others Non-Current Assets	3,432,608	3,365,180	3,068,934
1.02.01.10.01	Non-current Assets for Sale	-	-	-
1.02.01.10.02	Assets of Discontinued Operations	-	-	-
1.02.01.10.03	Judicial deposits	2,837,157	2,856,362	2,648,422
1.02.01.10.04	Reinsurance assets	8,067	7,700	7,418
1.02.01.10.05	Deferred Acquisition Costs	582,868	498,117	413,084
1.02.01.10.06	Other	4,516	3,001	10
1.02.02	Investments	99,422	132,217	114,248
1.02.02.01	Equity in Associated Companies	97,438	124,598	106,708
1.02.02.01.01	Investments in Affiliates	95,678	122,914	105,021
1.02.02.01.02	Investments in Subsidiaries	-	-	-
1.02.02.01.03	Investments in Jointly Controlled	-	-	-
1.02.02.01.04	Others Equity in Associated Companies	1,760	1,684	1,687
1.02.02.02	Properties for Investiments	1,984	7,619	7,540
1.02.02.02.01	Property for Rent	1,984	7,619	7,540
1.02.02.02.02	(-) Depreciation	-	-	-
1.02.03	Property and Equipment	56,346	59,072	71,001
1.02.03.01	Property and Equipment in Operation	56,346	59,072	71,001
1.02.03.02	Property and Equipment Leased	-	-	-
1.02.03.03	Property and Equipment in Progress	-	-	-
1.02.04	Intangible Assets	268,519	217,310	202,729
1.02.04.01	Intangible Assets	206,284	170,531	155,950
1.02.04.01.01	Concession	-	-	-
1.02.04.01.02	Trademarks and Patents	3	3	3
1.02.04.01.03	Goodwill	-	-	-
1.02.04.01.04	Software	206,281	170,528	155,947
1.02.04.01.05	Other intangibles	-	-	-
1.02.04.01.06	(-) Amortization	-	-	-
1.02.04.02	Goodwill	62,235	46,779	46,779

Financial Statements Consolidated / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2	Total Liabilities and Shareholders' Equity	25,703,769	23,449,518	21,808,563
2.01	Current Liabilities	9,881,074	8,803,882	8,374,982
2.01.01	Social Obligations and Labor	54,000	52,790	46,655
2.01.01.01	Social Obligations	-	-	-
2.01.01.02	Labor obligations	54,000	52,790	46,655
2.01.01.02.01	Labor Contingencies	54,000	52,790	46,655
2.01.02	Suppliers	-	-	-
2.01.02.01	National Suppliers	-	-	-
2.01.02.02	International Suppliers	-	-	-
2.01.03	Tax	394,663	329,348	257,508
2.01.03.01	Federal Tax	353,381	289,796	221,828
2.01.03.01.01	Income Tax and Social Contribution Payable	98,562	18,862	9,323
2.01.03.01.02	PIS / COFINS Payable	39,009	58,661	49,087
2.01.03.01.03	Financial Transactions Tax	82,821	78,129	65,677
2.01.03.01.04	REFIS Payable	33,629	34,217	32,498
2.01.03.01.05	Other Taxes and Contributions	56,844	41,396	33,913
2.01.03.01.06	Third-party Income Tax	42,516	58,531	31,330
2.01.03.02	State Tax	-	-	-
2.01.03.03	Municipal Tax	41,282	39,552	35,680
2.01.03.03.01	Services Rendered Tax Payable	41,282	39,552	35,680
2.01.04	Loans and Financing	447,779	299,988	336,933
2.01.04.01	Loans and Financing	1,476	160,612	21,424
2.01.04.01.01	Loans and Financing - Local Currency	1,476	160,612	21,424
2.01.04.01.02	Loans and Financing - Foreign Currency	-	-	-
2.01.04.02	Debentures	442,163	138,214	314,510
2.01.04.03	Financing for Lease	4,140	1,162	999
2.01.05	Other Obligations	1,870,430	1,621,419	1,483,392
2.01.05.01	Related Party Liabilities	14,685	8,811	5,283
2.01.05.01.01	Debts with Affiliates	-	-	-
2.01.05.01.02	Debts with Subsidiaries	-	-	-
2.01.05.01.03	Debts with Controllers	-	-	-
2.01.05.01.04	Other Debts with Related Parties	14,685	8,811	5,283
2.01.05.02	Other	1,855,745	1,612,608	1,478,109
2.01.05.02.01	Dividends and Interest on Capital Payable	214,977	185,751	167,223
2.01.05.02.02	Minimum Mandatory Dividend Payable	-	-	-
2.01.05.02.03	Obligations for Share-based Payment	-	-	-
2.01.05.02.04	Accounts Payable	229,893	193,111	164,333
2.01.05.02.05	Other Accounts Payable	119,652	93,689	63,114
2.01.05.02.06	Insurance and reinsurance liabilities	359,177	289,943	323,414
2.01.05.02.07	Saving bonds	662,022	624,900	602,509
2.01.05.02.08	Managed health	244,991	217,582	149,868
2.01.05.02.09	Other	25,033	7,632	7,648
2.01.06	Provisions	7,114,202	6,500,337	6,250,494
2.01.06.01	Provisions Tax, Social Security, Labor and Civil	73,179	78,252	91,336
2.01.06.01.01	Tax Contingencies	-	-	-
2.01.06.01.02	Labor Contingencies and Social Security	4,309	4,811	8,683

Financial Statements Consolidated / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.01.06.01.03	Provisions for Employee Benefits	-	-	-
2.01.06.01.04	Civil Contingencies	68,870	73,441	82,653
2.01.06.02	Other	7,041,023	6,422,085	6,159,158
2.01.06.02.01	Warranties Provision	-	-	-
2.01.06.02.02	Restructuring Provision	-	-	-
2.01.06.02.03	Provision for Environmental Liabilities and Desactivation	-	-	-
2.01.06.02.04	Technical reserves - Insurance	7,041,023	6,422,085	6,159,158
2.01.07	Liabilities Non-Current Assets of the Sale and Discontinued	-	-	-
2.01.07.01	Liabilities Non-Current Assets on Sale	-	-	-
2.01.07.02	Liabilities of Discontinued Operations Assets	-	-	-
2.02	Non-Current Liabilities	9,535,182	9,005,245	8,392,673
2.02.01	Loans and Financing	1,023,156	1,284,545	1,063,469
2.02.01.01	Loans and Financing	160,000	-	160,000
2.02.01.01.01	Loans and Financing - Local Currency	160,000	-	160,000
2.02.01.01.02	Loans and Financing - Foreign Currency	-	-	-
2.02.01.02	Debentures	862,069	1,282,616	900,378
2.02.01.03	Financing for Lease	1,087	1,929	3,091
2.02.02	Other Obligations	130,890	124,269	48,512
2.02.02.01	Related Party Liabilities	80,680	70,863	-
2.02.02.01.01	Debts with Affiliates	-	-	-
2.02.02.01.02	Debts with Subsidiaries	-	-	-
2.02.02.01.03	Debts with Controllers	-	-	-
2.02.02.01.04	Other Debts with Related Parties	80,680	70,863	-
2.02.02.02	Other	50,210	53,406	48,512
2.02.02.02.01	Obligations for stock incentive	-	-	-
2.02.02.02.02	Future Capital Increase	-	-	-
2.02.02.02.03	Accounts payable	24,448	30,308	19,911
2.02.02.02.04	Other Accounts Payable	9,832	171	106
2.02.02.02.05	Insurance and reinsurance liabilities	-	-	-
2.02.02.02.06	Other	13,313	20,936	28,495
2.02.02.02.07	Managed health	2,617	1,991	-
2.02.03	Deferred taxes	-	-	-
2.02.03.01	Income Tax and Social Contribution	-	-	-
2.02.04	Provisions	8,381,136	7,596,431	7,280,692
2.02.04.01	Provisions Tax, Social Security, Labor and Civil	2,330,641	2,341,295	2,121,531
2.02.04.01.01	Tax Contingencies	1,901,269	1,932,670	1,833,348
2.02.04.01.02	Labor contingencies and Social Security	87,499	81,585	58,893
2.02.04.01.03	Provisions for Employee Benefits	-	-	-

Financial Statements Consolidated / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.02.04.01.04	Civil Contingencies	341,873	327,040	229,290
2.02.04.01.05	Other	-	-	-
2.02.04.02	Other	6,050,495	5,255,136	5,159,161
2.02.04.02.01	Warranties Provision	-	-	-
2.02.04.02.02	Restructuring Provision	-	-	-
2.02.04.02.03	Provision for Environmental Liabilities and Desactivation	-	-	-
2.02.04.02.04	Technical reserves - Insurance	6,050,495	5,255,136	5,159,161
2.02.05	Liabilities Non-Current Assets of the Sale and Discontinued	-	-	-
2.02.05.01	Liabilities Non-Current Assets on Sale	-	-	-
2.02.05.02	Liabilities of Discontinued Operations Assets	-	-	-
2.02.06	Unearned Profits and Revenue	-	-	-
2.02.06.01	Unearned Profits	-	-	-
2.02.06.02	Unearned Revenue	-	-	-
2.02.06.03	Grants Investment	-	-	-
2.03	Shareholders' Equity	6,287,513	5,640,391	5,040,908
2.03.01	Capital	3,319,882	3,319,882	2,319,882
2.03.02	Capital Reserves	258,753	269,536	280,169
2.03.02.01	Goodwill on Issue of Shares	303,567	316,534	327,887
2.03.02.02	Special Reserve Goodwill	25,995	25,995	25,995
2.03.02.03	Sale of the Warrant	-	-	-
2.03.02.04	Options Granted	88,121	74,007	50,128
2.03.02.05	Treasury Stock	(119,017)	(107,087)	(83,928)
2.03.02.06	Future Capital Increase	-	-	-
2.03.02.07	Transactions capital - goodwill	(39,913)	(39,913)	(39,913)
2.03.03	Revaluation Reserves	-	-	-
2.03.04	Profit Reserves	2,701,298	2,034,698	2,464,373
2.03.04.01	Legal Reserve	267,821	222,573	183,882
2.03.04.02	Statutory Reserve	2,433,477	1,812,125	2,280,491
2.03.04.03	Contingency Reserve	-	-	-
2.03.04.04	Unrealized Profit Reserve	-	-	-
2.03.04.05	Retained Profits	-	-	-
2.03.04.06	Special Reserve Unpaid Dividends	-	-	-
2.03.04.07	Tax Incentive Reserve	-	-	-
2.03.04.08	Additional Proposed Dividend	-	-	-
2.03.04.09	Treasury Stock	-	-	-
2.03.05	Profits / Losses	-	-	-
2.03.06	Equity Adjustment	6,179	(1,254)	(37,644)

Financial Statements Consolidated / Liabilities

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
2.03.07	Cumulative Translation Adjustments	-	-	-
2.03.08	Other Comprehensive Income	-	-	-
2.03.09	Participation of Non-controlling Shareholders	1,401	17,529	14,128

Financial Statements Consolidated / Income Statements

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
3.01	Revenue from Sales and Services	19,831,212	17,762,196	16,274,044
3.01.01	Net premiums - Insurance	19,654,728	17,421,064	15,986,232
3.01.02	Other Operating Income - Insurance	12,061	30,629	35,148
3.01.03	Premiums, retained contributions and net asset management fee - Private pension	634,667	570,885	565,270
3.01.04	Other Operating Income - Private pension	871	1,180	1,094
3.01.05	Saving bonds	53,966	52,251	54,621
3.01.06	ASO	60,583	68,275	43,340
3.01.07	Asset management	51,205	42,211	37,497
3.01.08	Other Operating Income	34,635	36,309	42,783
3.01.09	Changes in Technical Reserves - Insurance	(156,659)	(29,575)	(26,145)
3.01.10	Changes in Technical Reserves - Private pension	(514,845)	(431,033)	(465,796)
3.02	Cost of Products and Services Sold	(17,320,976)	(15,734,551)	(14,620,123)
3.02.01	Claims - Insurance	(14,742,073)	(13,337,344)	(12,274,046)
3.02.02	Acquisition Costs - Insurance	(1,886,602)	(1,774,284)	(1,735,615)
3.02.03	Other Operating Expenses - Insurance	(509,840)	(452,517)	(479,465)
3.02.04	Benefit expenses - Private Pension	(89,974)	(92,615)	(55,253)
3.02.05	Acquisition Costs - Private Pension	(32,003)	(31,511)	(28,071)
3.02.06	Other Operating Expenses - Private Pension	(1,513)	(1,008)	(901)
3.02.07	Saving bonds	(42,554)	(29,652)	(32,492)
3.02.08	ASO	(12,413)	(10,723)	(8,745)
3.02.09	Asset management	(3,821)	(4,773)	(4,062)
3.02.10	Other Operating Expenses	(183)	(124)	(1,473)
3.03	Gross Profit	2,510,236	2,027,645	1,653,921
3.04	Operating Income/Expenses	(1,746,346)	(1,588,663)	(1,460,403)
3.04.01	Selling Expenses	-	-	-
3.04.02	General and Administrative Expenses	(1,785,047)	(1,632,959)	(1,499,936)
3.04.02.01	Administrative Expenses	(1,785,047)	(1,632,959)	(1,499,936)
3.04.03	Impairment of Assets	-	-	-
3.04.04	Other Operating Income	3,017	3,022	-
3.04.04.01	Equity Income (Expense Net)	3,017	3,022	-
3.04.05	Other Operating Expenses	-	-	-
3.04.06	Equity interest	35,684	41,274	39,533
3.05	Income Before Income Taxes and Financial	763,890	438,982	193,518
3.06	Investment Income	615,715	816,980	946,071
3.06.01	Investment Income	2,125,994	2,081,201	2,681,549
3.06.02	Investment Expenses	(1,510,279)	(1,264,221)	(1,735,478)
3.07	Income Before Income Tax, Social Contribution and Profit Sharing	1,379,605	1,255,962	1,139,589
3.08	Income Tax and Social Contribution on Profit	(474,548)	(479,539)	(441,168)

Financial Statements Consolidated / Income Statements

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
3.08.01	Current	(569,362)	(494,886)	(463,666)
3.08.02	Deffered	94,814	15,347	22,498
3.09	Net Profit from Continuing Operations	905,057	776,423	698,421
3.10	Net Profit from Discontinued Operations	-	-	-
3.10.01	Net Income / Loss from Discontinued Operations	-	-	-
3.10.02	Gains / losses on Net Assets of Discontinued Operations	-	-	-
3.11	Net Income	905,057	776,423	698,421
3.11.01	Atributable to Owners of the Company	904,960	773,252	695,257
3.11.02	Atributable to Non-Controlling Interest	97	3,171	3,164
3.99	Earnings per Share			-
3.99.01	Basic Earnings per Share			-
3.99.01.01	For Preferred Share	0.77890	0.68800	0.69270
3.99.01.02	For Common Share	0.77930	0.68810	0.69250
3.99.02	Diluted Earnings per Share			-
3.99.02.01	For Preferred Share	0.76810	0.67790	0.68280
3.99.02.02	For Common Share	0.77390	0.68310	0.68760

Financial Statements Consolidated / Comprehensive Income

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
4.01	Net Income Company - Period	905,057	776,423	698,421
4.02	Other Components of Comprehensive Income	7,399	37,573	84,427
4.02.01	Unrealized actuarial losses on defined benefit pension plan, net of gains	(3,615)	(6,680)	(4,260)
4.02.02	Gains and (losses) not realized in financial assets available for sale	17,667	49,188	85,562
4.02.03	Unrealized losses on cash flow hedge, net of gains	-	-	-
4.02.04	Realized gains on cash flow hedge, net of losses	-	-	-
4.02.05	Income tax and social contribution related to components of other comprehensive income	(5,027)	(16,884)	(32,386)
4.02.06	Gains and (losses) of Change in Ownership Interest	-	-	-
4.02.07	Other comprehensive income of investees companies recognized by equity method	(1,626)	11,949	35,511
4.03	Comprehensive Income for the Period	912,456	813,996	782,848
4.03.01	Awarded to Owners of the Company	912,393	809,642	776,025
4.03.02	Awarded to Non-Controlling Interest	63	4,354	6,823

Financial Statements Consolidated / Statements of Cash Flow - Indirect Method

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
6.01	Net cash by Operating Activities	425,892	(220,244)	48,474
6.01.01	Cash generated by operating activities	1,479,017	1,394,618	1,268,348
6.01.01.01	Net income before tax and social contribution	1,379,605	1,255,962	1,139,589
6.01.01.02	Depreciation and amortization	50,639	52,401	54,147
6.01.01.03	Interest and inflation adjustment of issued debentures	112,267	132,048	136,249
6.01.01.04	Equity loss in associated companies	-	-	-
6.01.01.05	Interest and inflation adjustments on REFIS - tax refinance	2,866	3,604	3,321
6.01.01.06	Interest and inflation adjustments on judicial deposits and lawsuits	113,613	158,509	185,872
6.01.01.07	Stock options	14,114	8,936	13,512
6.01.01.08	Positive equity interest	(35,684)	(41,274)	(39,533)
6.01.01.09	Writeoff on sale of investments	-	-	-
6.01.01.10	Gain on sale of investments or fixed assets	-	(45)	-
6.01.01.11	Interest and inflation adjustment on tax credit offset	(43,200)	(22,502)	(32,545)
6.01.01.12	Interest and inflation adjustment on judicial deposits	(127,541)	(157,417)	(196,974)
6.01.01.13	Other	9,481	1,855	2,357
6.01.01.14	Transaction costs of issued securities	2,857	2,541	2,353
6.01.02	Change in assets and liabilities	(1,053,125)	(1,614,862)	(1,219,874)
6.01.02.01	Change in marketable securities	(1,584,724)	(1,221,574)	(1,491,344)
6.01.02.02	Change in receivables	(384,768)	(272,490)	287,541
6.01.02.03	Change in taxes	(82,767)	(85,681)	(65,287)
6.01.02.04	Change in reinsurance assets	(11,045)	1,420	92,512
6.01.02.05	Change in judicial deposits	146,746	(50,523)	(23,597)
6.01.02.06	Dividends and interest on equity received	62,002	34,897	33,518
6.01.02.07	Change in salvages for sale	6,260	20,820	(9,939)
6.01.02.08	Change in other assets/liabilities	10,494	(15,845)	21,821
6.01.02.09	Change in deferred Acquisition costs	(151,798)	(83,380)	(56,592)
6.01.02.10	Change deferred taxes assets	-	-	-
6.01.02.11	Change in accounts payable	208,454	235,911	66,446
6.01.02.12	Change in loans and financing	-	-	-
6.01.02.13	interest Paid	(106,751)	(137,778)	(131,686)
6.01.02.14	Change in deferred taxes	-	-	(104)
6.01.02.15	Change in insurance and reinsurance liabilities	69,234	(33,471)	(157,664)
6.01.02.16	Change in technical reserves - Insurance	1,424,114	429,765	831,948
6.01.02.17	Changes in accrued liabilities for lawsuits	(129,340)	44,567	(33,847)
6.01.02.18	Change in other provisions	-	-	-
6.01.02.19	Income tax and social contribution paid	(529,236)	(481,500)	(583,600)
6.01.02.20	Withholding income tax on dividends received	-	-	-
6.01.03	Others	-	-	-
6.02	Net cash by Investing Activities	(90,564)	(71,316)	(59,830)
6.02.01	Increase in capital	-	-	-
6.02.02	Purchase of equity interest	(21,938)	(15,230)	(19,608)
6.02.03	Selling of equity interest	2,528	-	-
6.02.04	Purchase of fixed assets and intangible assets	(72,674)	(57,365)	(41,094)
6.02.05	Selling of fixed assets and intangible assets	1,520	1,279	872
6.02.20	Other net proceeds and (payments)	-	-	-
6.03	Net Cash by Financing Activities	(346,805)	192	159,062

Financial Statements Consolidated / Statements of Cash Flow - Indirect Method

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
6.03.01	Loans end credit lines	-	500,000	500,000
6.03.02	Amortization of loans	(123,321)	(310,021)	(186,650)
6.03.03	Capital increase - Receiving	-	-	-
6.03.04	Decrease capital - Payment	-	-	-
6.03.05	Purchase of shares to hold them in treasury	(32,070)	(24,918)	(3,021)
6.03.06	Selling of shares in treasury	7,173	5,349	7,087
6.03.07	Options granted exercised	-	-	105
6.03.08	Payment by the reverse split of the shares	(5,123)	-	-
6.03.09	Dividends and interest on equity paid	(185,494)	(165,493)	(151,814)
6.03.10	Refis - tax refinance	(5,928)	(3,726)	(5,277)
6.03.11	Financial lease	(2,042)	(999)	(1,368)
6.03.20	Other net proceeds and (payments)	-	-	-
6.04	Foreign Exchange on Cash and Equivalents	-	-	-
6.05	Increase/(Decrease) in Cash and Cash Equivalents	(11,477)	(291,368)	147,706
6.05.01	Cash and Cash Equivalents at Beginning of Period	640,955	932,323	784,617
6.05.02	Cash and Cash Equivalents at End of Period	629,478	640,955	932,323

Financial Statements Consolidated / Statement of Changes in Shareholders' Equity - 01/01/2018 to 12/312018

(in thousands of Reais)

Code	Account Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity	Participation of Minority Shareholders	Consolidated Equity
5.01	Opening Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862	17,529	5,640,391
5.02	Prior Year Adjustments	-	-	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-	-	-
5.03	Adjustments Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862	17,529	5,640,391
5.04	Capital Transactions with Partens	-	(10,783)	-	-	-	(10,783)	-	(10,783)
5.04.01	Capital Increase	-	-	-	-	-	-	-	-
5.04.02	Stock Issue Expenses	-	-	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	14,114	-	-	-	14,114	-	14,114
5.04.04	Treasury Stock Acquired	-	(32,070)	-	-	-	(32,070)	-	(32,070)
5.04.05	Treasury Shares Sold	-	7,173	-	-	-	7,173	-	7,173
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-	-	-
5.04.10	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.04.11	Intermediaries/Interim Dividends	-	-	-	-	-	-	-	-
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-	-	-
5.04.14	Transactions Capital - Negative Goodwill	-	-	-	-	-	-	-	-
5.04.15	Non-controlling Interest	-	-	-	-	-	-	-	-
5.04.16	Supplementary dividends	-	-	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	904,960	7,433	912,393	63	912,456
5.05.01	Net Income	-	-	-	904,960	-	904,960	97	905,057
5.05.02	Other Comprehensive Income	-	-	-	-	7,433	7,433	(34)	7,399
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	(156)	(156)	354	198
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	52	52	(142)	(90)
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	7,868	7,868	(246)	7,622
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.05.02.08	Gains and (losses) of Change in Ownership Interest	-	-	-	-	(331)	(331)	-	(331)
5.05.02.09	Others adjustments	-	-	-	-	-	-	-	-
5.05.03	Reclassification to Results	-	-	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	666,600	(904,960)	-	(238,360)	(16,191)	(254,551)
5.06.01	Increase of Capital Reserves	-	-	666,600	(666,600)	-	-	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.04	Intermediaries Dividends	-	-	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(78,360)	-	(78,360)	-	(78,360)
5.06.07	Interest on Shareholders' Equity	-	-	-	(160,000)	-	(160,000)	-	(160,000)
5.06.08	Realized on Reserves	-	-	-	-	-	-	-	-
5.06.09	Others adjustments	-	-	-	-	-	-	-	-
5.07	Final Balance	3,319,882	258,753	2,701,298	-	6,179	6,286,112	1,401	6,287,513

Financial Statements Consolidated / Statement of Changes in Shareholders' Equity - 01/01/2017 to 12/31/2017

(in thousands of Reais)

Code	Account Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity	Participation of Minority Shareholders	Consolidated Equity
5.01	Opening Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780	14,128	5,040,908
5.02	Prior Year Adjustments	-	-	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-	-	-
5.03	Adjustments Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780	14,128	5,040,908
5.04	Capital Transactions with Partens	1,000,000	(10,633)	-	-	-	989,367	-	989,367
5.04.01	Capital Increase	1,000,000	-	-	-	-	1,000,000	-	1,000,000
5.04.02	Stock Issue Expenses	-	-	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	8,936	-	-	-	8,936	-	8,936
5.04.04	Treasury Stock Acquired	-	(24,918)	-	-	-	(24,918)	-	(24,918)
5.04.05	Treasury Shares Sold	-	5,349	-	-	-	5,349	-	5,349
5.04.06	Supplementary dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-	-	-
5.04.10	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.04.11	Intermediaries/Interim Dividends	-	-	-	-	-	-	-	-
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-	-	-
5.04.14	Transactions capital - negative goodwill	-	-	-	-	-	-	-	-
5.04.15	Non-controlling Interest	-	-	-	-	-	-	-	-
5.04.16	Supplementary dividends	-	-	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	773,252	36,390	809,642	3,401	813,043
5.05.01	Net Income	-	-	-	773,252	-	773,252	2,218	775,470
5.05.02	Other Comprehensive Income	-	-	-	-	36,390	36,390	1,183	37,573
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	-	-	863	863
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	-	-	(340)	(340)
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	40,226	40,226	671	40,897
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.05.02.08	Interim Dividends/Intermediaries	-	-	-	-	(3,836)	(3,836)	-	(3,836)
5.05.02.09	Others adjustments	-	-	-	-	-	-	(11)	(11)
5.05.03	Reclassification to Results	-	-	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	(429,675)	(773,252)	-	(1,202,927)	-	(1,202,927)
5.06.01	Increase of Capital Reserves	-	-	570,325	(570,325)	-	-	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.04	Intermediaries Dividends	-	-	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(63,500)	-	(63,500)	-	(63,500)
5.06.07	Interest on Shareholders' Equity	-	-	-	(140,000)	-	(140,000)	-	(140,000)
5.06.08	Realized on Reserves	-	-	(1,000,000)	-	-	(1,000,000)	-	(1,000,000)
5.06.09	Others adjustments	-	-	-	573	-	573	-	573
5.07	Final Balance	3,319,882	269,536	2,034,698	-	(1,254)	5,622,862	17,529	5,640,391

Financial Statements Consolidated / Statement of Changes in Shareholders' Equity - 01/01/2016 to 12/31/2016

(in thousands of Reais)

Code	Account Description	Capital	Capital Reserves, Granted Options and Treasury Stock	Profit reserves	Net Income (Losses)	Other Comprehensive Income	Equity	Participation of Minority Shareholders	Consolidated Equity
5.01	Opening Balance	2,319,882	262,486	1,947,823	-	(118,412)	4,411,779	19,092	4,430,871
5.02	Prior Year Adjustments	-	-	-	-	-	-	-	-
5.02.01	Changes in Accounting Practices	-	-	-	-	-	-	-	-
5.03	Adjustments Balance	2,319,882	262,486	1,947,823	-	(118,412)	4,411,779	19,092	4,430,871
5.04	Capital Transactions with Partens	-	17,683	-	-	-	17,683	(10,718)	6,965
5.04.01	Capital Increase	-	-	-	-	-	-	-	-
5.04.02	Stock Issue Expenses	-	-	-	-	-	-	-	-
5.04.03	Recognized Granted Options	-	13,512	-	-	-	13,512	-	13,512
5.04.04	Treasury Stock Acquired	-	(3,021)	-	-	-	(3,021)	-	(3,021)
5.04.05	Treasury Shares Sold	-	7,192	-	-	-	7,192	-	7,192
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on Shareholders' Equity	-	-	-	-	-	-	-	-
5.04.08	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.04.09	Options Granted Exercised	-	-	-	-	-	-	-	-
5.04.10	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.04.11	Interim Dividends/Intermediaries	-	-	-	-	-	-	(10,718)	(10,718)
5.04.12	Transactions Capital - Goodwill	-	-	-	-	-	-	-	-
5.04.13	Mandatory dividends	-	-	-	-	-	-	-	-
5.04.14	Transactions capital - negative goodwill	-	-	-	-	-	-	-	-
5.04.15	Non-controlling Interest	-	-	-	-	-	-	-	-
5.05	Total Comprehensive Income	-	-	-	695,257	80,768	776,025	6,823	782,848
5.05.01	Net Income	-	-	-	695,257	-	695,257	3,164	698,421
5.05.02	Other Comprehensive Income	-	-	-	-	80,768	80,768	3,659	84,427
5.05.02.01	Financial Instruments Adjustments	-	-	-	-	-	-	2,809	2,809
5.05.02.02	Taxes of Financial Instruments Adjustments	-	-	-	-	-	-	(1,113)	(1,113)
5.05.02.03	Comprehensive Income of Equity Affiliates	-	-	-	-	85,301	85,301	1,994	87,295
5.05.02.04	Convergion Adjustments	-	-	-	-	-	-	-	-
5.05.02.05	Tax Adjustments of Conversion Period	-	-	-	-	-	-	-	-
5.05.02.06	Non-controlling Interest	-	-	-	-	-	-	-	-
5.05.02.07	Reversion of Estatutary Reserve	-	-	-	-	-	-	-	-
5.05.02.08	Gains and (losses) of Change in Ownership Interest	-	-	-	-	(4,533)	(4,533)	-	(4,533)
5.05.02.09	Others adjustments	-	-	-	-	-	-	(31)	(31)
5.05.03	Reclassification to Results	-	-	-	-	-	-	-	-
5.05.03.01	Financial Instruments Adjustments	-	-	-	-	-	-	-	-
5.06	Changes in Shareholders' Equity	-	-	516,550	(695,257)	-	(178,707)	(1,069)	(179,776)
5.06.01	Increase of Capital Reserves	-	-	516,550	(516,550)	-	-	-	-
5.06.02	Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.03	Taxes on Recognitional of Revaluation Reserves	-	-	-	-	-	-	-	-
5.06.04	Intermediaries Interim Dividends	-	-	-	-	-	-	-	-
5.06.05	Additional Dividends Proposed	-	-	-	-	-	-	-	-
5.06.06	Mandatory dividends	-	-	-	(80,707)	-	(80,707)	-	(80,707)
5.06.07	Interest on Shareholders' Equity	-	-	-	(98,000)	-	(98,000)	(1,123)	(99,123)
5.06.08	Realized on Reserves	-	-	-	-	-	-	-	-
5.07	Final Balance	2,319,882	280,169	2,464,373	-	(37,644)	5,026,780	14,128	5,040,908

Financial Statements Consolidated / Statement of Added Value

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
7.01	Revenues	20,639,114	18,562,473	16,989,977
7.01.01	Sales of Goods, Products and Services	21,216,536	18,845,401	17,322,622
7.01.02	Other Revenues	(462,400)	(219,138)	(234,751)
7.01.02.01	Changes in Technical Reserves - Insurance	(156,659)	(29,575)	(26,145)
7.01.02.02	Changes in Technical Reserves - Private pension	(514,845)	(431,033)	(465,796)
7.01.02.03	Profit from sale of permanent assets	(1,930)	(1,408)	274
7.01.02.04	Other	211,034	242,878	256,916
7.01.03	Revenue for the Construction of Owned Assets	-	-	-
7.01.04	Provision for doubtful accounts - Reversion/ (Constitution)	(115,022)	(63,790)	(97,894)
7.02	Input Purchase from Third-Parties	(18,392,364)	(16,799,074)	(15,665,793)
7.02.01	Cost Products, Goods and Services Sold	(15,336,284)	(13,923,468)	(12,903,219)
7.02.02	Materials-Energy-Services-Other Third Party	(2,863,221)	(2,703,149)	(2,637,089)
7.02.03	Loss/ Assets Value Recuperation	-	-	-
7.02.04	Other	(192,859)	(172,457)	(125,485)
7.03	Gross Added Value	2,246,750	1,763,399	1,324,184
7.04	Retentions	(50,639)	(52,401)	(54,147)
7.04.01	Depreciation, Amortization and Depletion	(50,639)	(52,401)	(54,147)
7.04.02	Other	-	-	-
7.05	Net Added Value Produced	2,196,111	1,710,998	1,270,037
7.06	Added Value Received/ Ceded in Transfer	790,598	1,105,379	1,288,249
7.06.01	Equity interest	35,684	41,274	39,533
7.06.02	Investment Income	1,222,595	1,364,716	1,684,845
7.06.03	Other	(467,681)	(300,611)	(436,129)
7.06.03.01	Net of Reinsurance Ceded Operation	(4,047)	11,802	93,014
7.06.03.02	Net of Coinsurance Ceded Operation	2,118	3,079	56,707
7.06.03.03	Exchange Variation - Loans and Commitments Receivable	-	-	-
7.06.03.04	Monetary and Exchange Variation - Insurance and Private Pension	(626,215)	(619,535)	(855,984)
7.06.03.05	Monetary Variation - Judicial Deposits	116,310	157,308	205,062
7.06.03.06	Other	44,153	146,735	65,072
7.07	Added Value to be Distributed	2,986,709	2,816,377	2,558,286
7.08	Distribution of Added Value	2,986,709	2,816,377	2,558,286
7.08.01	Personnel	751,135	662,110	624,795
7.08.01.01	Direct Remuneration	587,491	518,945	496,002
7.08.01.02	Benefits	136,301	118,696	106,190
7.08.01.03	F.G.T.S	27,343	24,469	22,603
7.08.01.04	Other	-	-	-
7.08.02	Taxes, Fees and Contributions	1,044,755	1,084,347	972,688
7.08.02.01	Federal	1,032,818	1,082,570	961,216
7.08.02.02	State	-	2	78
7.08.02.03	Municipal	11,937	1,775	11,394
7.08.03	Interest on shareholders'	285,762	293,497	262,382
7.08.03.01	Interest	188,263	188,241	179,979
7.08.03.02	Rentals	71,245	73,230	67,265
7.08.03.03	Other	26,254	32,026	15,138

Financial Statements Consolidated / Statement of Added Value

(in thousands of Reais)

Code	Description	Last Year - 12/31/2018	Penultimate - 12/31/2017	Before Penultimate - 12/31/2016
7.08.04	Return of Capital	905,057	776,423	698,421
7.08.04.01	Interest on shareholders' Equity	160,000	140,000	98,000
7.08.04.02	Dividends	78,360	63,500	80,707
7.08.04.03	Retained Earnings (accumulated deficit)	666,600	569,752	516,550
7.08.04.04	Non-controlling Interest on Retained Earnings	97	3,171	3,164
7.08.05	Other	-	-	-

MANAGEMENT REPORT

Shareholders,

We submit for your review the financial statements of Sul América S.A. ("Company") and its subsidiaries for the fiscal year ended 12/31/2018, accompanied by the respective Notes to Financial Statements, an Independent Auditors Report, and the Statutory Audit Committee Report.

In this report, Sul América S.A. is hereinafter referred to as "Company," and "SulAmérica" is used to refer to Sul América S.A. and its subsidiaries, collectively.

1. Economic Scenario

The Brazilian economy ended 2018 with a better outlook for the coming years, even though it did not show solid signs of resumption of growth throughout the year. High levels of debt from both private and public sectors was one of the main drivers of the slow recovery, despite some healthy fundamentals such as low inflation and low interest rates. In addition, the economy was impacted by several adverse shocks during the year – truckers' strike, worsening of international scenario and political uncertainty – which negatively influenced the recovery cycle initiated in the second half of 2017, leading to a loss of economic activity in an environment of higher risk aversion and lower confidence levels. Gross domestic product (GDP) in 2018 is expected to grow below projections made at the beginning of the year, impacted by lower rates of household consumption growth due to a still high level of unemployment. This, coupled with high slack in the productive sector, did not allow for a greater contribution of investments to the expansion of GDP.

The second half of the year was more promising, indicating a more favorable environment for an economic rebound. The employment scenario ended the year with a net positive job creation balance, after three consecutive years of negative figures. Inflation, measured by the IPCA/IBGE, closed at 3.75%, the second consecutive year below the 4.5% target set by the Central Bank, allowing the monetary authority to reduce the basic interest rate to historically low levels. The prospect of advancing economic reforms after the presidential election led to an improvement in financial conditions. Confidence indicators, both for business owners and consumers, are reflecting the optimism of the agents regarding the evolution of the economy, almost reaching pre-recession levels. The commitment to economic and fiscal reforms will be determinant for the maintenance of this optimism.

Looking ahead, expectations for the Brazilian economy in the coming years point to a moderate growth scenario, with a benign inflationary environment that favors the maintenance of interest rates at historically low levels. The fundamentals of consumption should improve, in line with the strengthening of employment and income levels, while investments should recover, stimulated by increased business confidence in a more business-friendly institutional environment.

2. Main Consolidated Financial Information

Operating Revenue (R$ million)	**2018**	**2017**	**Δ**
Insurance	**19,666.8**	**17,451.7**	**12.7%**
Health	15,616.8	13,759.6	13.5%
Property and Casualty	3,567.8	3,269.8	9.1%
Life	488.2	422.3	15.6%
Other	-6.0	0.0	NA
Private Pension	635.5	572.1	11.1%
Savings Bonds	54.0	52.3	3.3%
Administrative Service Only	60.6	68.3	-11.3%
Asset Management	51.2	42.2	21.3%
Other Operating Revenues	34.6	36.3	-4.6%
Total Operating Revenue	**20,502.7**	**18,222.8**	**12.5%**

Operating Expenses (R$ million)	**2018**	**2017**	**Δ**
Insurance	**-17,138.5**	**-15,564.1**	**-10.1%**
Claims	-14,742.1	-13,337.3	-10.5%
Acquisition Cost	-1,886.6	-1,774.3	-6.3%
Other	-509.8	-452.5	-12.7%
Private Pension	-123.5	-125.1	1.3%
Savings Bonds	-42.6	-29.7	-43.5%
Administrative Service Only	-12.4	-10.7	-15.8%
Asset Management	-3.8	-4.8	20.0%
Other Operating Expenses	-0.2	-0.1	-47.6%
Total Operating Expenses	**-17,321.0**	**-15,734.6**	**-10.1%**

Other Results (R$ million)	2018	2017	Δ
Gross Operating Margin	2,510.2	2,027.6	23.8%
General and Administrative Expenses	-1,785.0	-1,633.0	-9.3%
Net Investment Income	615.7	817.0	-24.6%
Net Income	905.1	776.4	16.6%
Net Income Attributable to Owners of the Company	905.0	773.3	17.0%
Return on Average Equity (ROAE)	15.2%	14.5%	70 BPS

Insurance Operational Ratios (%)	2018	2017	Δ
Loss Ratio (% of Earned Premiums)	74.7%	75.8%	110 BPS
Acquisition Cost Ratio (% of Earned Premiums)	9.6%	10.1%	50 BPS
Gross Margin (% of Retained Premiums)	12.0%	10.6%	150 BPS
Combined	97.0%	98.7%	170 BPS
Operating	93.9%	94.1%	20 BPS

Consolidated Ratios (% of total operating revenues)	2018	2017	Δ
Operating Gross Margin	12.2%	11.1%	110 BPS
General & Administrative Expenses	8.7%	9.0%	30 BPS
Net Margin	4.4%	4.2%	20 BPS

Main highlights of the period are:

(i) growth of 12.5% in operating revenues, reaching R$20.5 billion, mainly propelled by the good performances of health (+13.5%), life (+15.6%), private pension (+11.1%), property and casualty (+9.1%), and asset management (+21.3%);

(ii) improvement of 110 BPS in total consolidated loss ratio, reaching 74.7%, reflecting the recovery of the auto insurance portfolio throughout 2018 (+530 BPS), as well as the good performances of life (+350 BPS) and health (+40 BPS) segments;

(iii) combined ratio of 97.0%, improvement of 170 BPS, demonstrating the continuous efforts to seek operational efficiency, reaching the best figure for the indicator since the IPO in 2007,

Thus, the Company's 2018 net income attributable to the owners of the Company reached R$905.0 million, 17.0% higher than the figure reported in 2017.

3. Overview

The year of 2018 was marked as another cycle of excellent performance by SulAmérica. Operating efficiency gains coupled with revenue growth led to record high net income of R$905.0 million for 2018, an increase of 17.0% over 2017. The Company further intensified investments in technology, innovation and digitalization with a focus on operational efficiency and customer experience improvement. High customer satisfaction scores, solid growth and consistent return to our shareholders demonstrate the ability to deliver results, always with discipline in risk management and capital allocation.

The strong partnership and relationship with insurance brokers and business partners allowed the Company to close 2018 with another record: R$20.5 billion in operating revenues, growth of 12.5% over 2017. The gross margin improved 23.8% in the year, totaling R$2.5 billion, reflecting the continuous effort to manage risks and control operating costs, especially claims. The general & administrative expenses ratio also showed improvement, with a gain of 30 BPS. As a result of the continuous focus on efficiency, the combined ratio improved 170 BPS compared to 2017, reaching 97.0%, which represents the best result for this indicator since the IPO in 2007. The operating ratio, which includes the investment income, also improved, reaching 93.9%, even though investment income dropped 24.6% in the period. The return on average equity (ROAE) in the last twelve months reached 15.2%, showing once again consistent profitability.

Health and dental insurance operations presented again excellent results. In 2018, the medical loss ratio was kept under control with consistent reduction, reaching the lowest level since 2010. At the same time, the Company grew the number of beneficiaries in all group plans, as a result of a strong performance in enrollment of new members and high customer retention. SulAmérica also evolved in Coordinated Care initiatives, which involve the organization of assistance activities to insured members and seek greater collaboration among all participants in the private healthcare market, aiming at the best health outcome and a higher service level for the beneficiary.

The auto insurance business was one of the highlights of 2018, presenting consistent gains quarter after quarter. With a remarkable recovery in revenues, in insured fleet and in the loss ratio, the segment's gross margin increased by 66.5% compared to 2017. The good performance was a result of improvements in underwriting tools and processes, as well as the expansion of the commercial efforts in partnership with insurance brokers.

The other business lines also presented a positive performance, with revenue growth in all segments for the full year. The life and personal accident insurance segment recorded higher volumes and loss ratio improvement, with the highlight going to the growth seen in the travel insurance product, which already represents 6% of the portfolio. In savings bonds, SulAmérica maintained the focus on its main product, the Rental Guarantee, achieving growth despite the still timid recovery in the real estate market. Achieving R$42 billion (+8.7%) in assets under management was another important milestone in 2018 for *SulAmérica Investimentos*, the Company's asset

management arm, reaffirming its leadership position among independent asset managers in Brazil. *SulAmérica Investimentos* was also recognized for the second consecutive year with an award for best private pension managers, organized by *Fundação Getúlio Vargas* (FGV) and the *Valor Econômico* newspaper, this time chosen as the "best asset manager in the period of one year".

In addition to solid operational results, 2018 was a year of intense investments in innovation, which are extremely important for the sustainability of the operations, always seeking the best experience for clients and brokers. The Company made progress in improving the telematics app for auto insurance, which will be launched in 2019 for the general public, besides evolving in the development of the virtual platform for Coordinated Care, in Telemedicine initiatives and expanding the Doctor House Calls feature, which is available to health policyholders. The health app also features face ID recognition, unprecedented for insurers in Brazil. In total, SulAmérica's apps have been downloaded more than 2 million times.

Looking ahead, the Company believes that we can benefit from a more favorable scenario with the prospects of an improving economic environment, in particular with the expected recovery of employment and income levels. SulAmérica is confident in its business model and will continue to invest in innovation and to seek the best experience to its policyholders. Celebrating this series of important achievements in 2018, the Company would like to thank those who are truly responsible for its success: the team of more than 5,000 employees, who work with the trust, dedication and contribution of insurance brokers, business partners, service providers, shareholders and other stakeholders in the segments in which it operates.

4. Business Units Performance

4.1. Health and Dental Insurance

Health and dental insurance operating revenues grew 13.5% in the year, reaching R$15.6 billion, reflecting the growth in all portfolios. Main highlights were SME - small and medium enterprises - (+23.5%) and dental (+22.2%) portfolios, as well as the recovery of the corporate/affinity (+10.9%).

The good performance in 2018 is a result of SulAmérica's commercial efforts to format its products to cater to different clients, regional reach expansion and the continuous pursuit of innovations for a better experience for clients and brokers. This commercial strategy, coupled with the strength of the brand and its reliability, allows for a greater attraction of new customers, as well as an increase in satisfaction levels, promoting growth in retention and loyalty.

Group plans grew and showed net adds of 268 thousand lives, reaching 3.3 million members. Main drivers of this performance were dental (+18.9%), SME (+8.1%) and health ASO plans (+5.0%).

Consolidated loss ratio reached 79.2%, the fourth year in a row of improvements, 40 BPS better than in 2017. SulAmérica has been successful in keeping the loss ratio under control as a result of the ongoing initiatives focused on claims control and health and well-being management programs. The Company began to invest in Coordinated Care, which provides the alignment of all the agents in the private healthcare industry. This program aims to follow the beneficiary's journey through the network of providers, promoting a higher quality care, complete and adherent to their needs.

Administrative Services Only – ASO: Operating revenues from ASO plans decreased 11.3% in relation to 2017, mainly due to a favorable decision in a legal lawsuit which boosted revenues by nearly R$15 million in 2017, compromising the comparison between the periods. Excluding this effect, revenues would have grown around 14%, following the growth in beneficiaries, which closed 2018 at 424 thousand lives.

4.2. Auto and Other Property and Casualty Insurance

Operating revenues for auto and other property and casualty insurance segment grew by 9.1% over 2017. The segment's loss ratio was of 58.9%, 490 BPS better. This good performance was boosted by the recovery of the profitability of the auto segment, which in 2018 recorded revenues 9.7% higher when compared to the previous year, as well as an improvement of 530 BPS in the loss ratio, mainly reflecting the evolution in pricing and underwriting tools and processes, a better adequacy of risk exposure levels in the regions where we operate, in addition to more favorable market conditions. The other property & casualty insurance revenues grew by 1.7% in 2018.

4.3. Life and Personal Accident Insurance

Life and personal accident revenues grew 15.6%, reaching R$488.2 million in 2018. The segment's loss ratio reached 43.1%, 350 BPS better in relation to 2017. This performance is related to the growth in all products in the portfolio, especially travel insurance, which showed growth of 84.4% in revenues in 2018.

4.4. Private Pension

Private pension reserves grew 14.7% and totaled R$7.2 billion, following a net positive balance in portability (transfers) in 2018, in addition to the regular contributions and accumulated returns of the pension funds. Operating revenues grew by 11.1% in 2018, mainly as result of the growth in the VGBL product.

4.5. Savings Bonds

Operating revenues for the segment increased 3.3%, totaling R$54.0 million in 2018, reverting the reduction trend shown in 2017. This recovery was propelled by the Company's efforts to increase its distribution capacity and strengthen its relationship with brokers and all participants of the real estate market, in order to boost the performance of its main product, SulAmérica Rental Guarantee, which increased its revenues by 6.7%. Savings bonds reserves totaled R$662.0 million in 2018, growth of 5.9% over 2017.

4.6. Asset Management

SulAmérica Investimentos, the Company's asset management business, finished the year with R$41.6 billion in assets under management, 8.7% higher than the total managed by the end of 2017, following increases in third-party assets (+8.0%), in proprietary portfolio (+6.1%) and in private pension reserves (+14.7%). Operating revenues of the segment grew 21.3% in 2018, as a result of the increase in performance (+48.1%) and management (+19.2%) fees.

5. Sales and Marketing

SulAmérica commercializes a broad portfolio of products and services, which are distributed through an extensive network of independent brokers and coordinated by its commercial area. The Company continued with investments to boost the quantity and quality of brokers, to increase the distribution channels through partnerships and to expand its presence in major cities around the country.

In 2018, SulAmérica's broker training programs promoted several trainings at the 90 branches of the group in Brazil, reaching more than 50 thousand people trained, addressing topics about products and processes at SulAmérica.

During the year, SulAmérica expanded its commercial strategy to more regions and maintained its sponsorship of the radio station SulAmérica Paradiso, in Rio de Janeiro, besides several advertising campaigns in all types of media. These initiatives aim at strengthening brand awareness in all regions of Brazil.

6. Human Capital

Throughout 2018, SulAmérica sought to evolve in the development of human capital through the adoption of sustainable human resources management practices. This resulted in important outcomes, which include increasing business engagement and productivity, creating an environment which favors talent attraction and retention, besides contributing to operational resilience and business continuity.

Focusing on wellness initiatives and offering benefits in line with best market practices reinforces the Company's commitment to promoting an increasingly positive environment for all employees. Thus, SulAmérica reached the score of 79% favorable responses in the employee engagement survey, growth of 2,000 BPS over the past five years, in addition to reaching the mark of 29% of its employees taking part in wellness programs.

The development of technical and behavioral skills and the preparation of a solid succession plan are essential for the continuity of the business in the long term. Therefore, in 2018 the Company improved its mechanisms of leadership succession and encouraged the development of leading roles at all levels of the Company, through a broad training portfolio. As a result, SulAmérica's corporate university, UniverSAS, totaled 44,383 hours of training, of which 3,444 hours were focused on leadership development.

7. Sustainability

SulAmérica believes that doing business with responsibility and contributing to sustainable development are opportunities to improve and value the world we live in. Aware of this role, the Company acts in generating a positive impact by offering its products and services to the society, providing financial protection, well-being and life quality directly to more than 7 million customers, in addition to the indirect impact to a network of millions of people including providers and business partners.

The Company has a Sustainability Committee which advises the Board of Directors. Its main attribution is to act in alignment with the strategic plan in order to assess the risks and opportunities to the Company, beyond the traditional boundaries of business, including a vision of sustainability articulated around the social and environmental challenges that compose the agendas and guidelines of its stakeholders.

As part of the process of creating value and positive impact, the Company focuses its sustainability strategy on five main themes, directly related to the business and present in its Sustainability Policy: i. Assistance and Services Quality, ii. Products and Services Innovation, iii. Responsibility in the Value Chain, iv. Human Capital Development; and v. Financial Education and Conscious Use of Insurance. The themes seek to balance the risks and opportunities considering the economic, social and environmental impacts and revolve around three principles: Integrate, Engage and Demonstrate, involving the proposal of Integrating in the business agenda, Engaging stakeholders on their relevance and Demonstrating the value generated for all.

To make sure its commitments are translated into practical action, SulAmérica actively participates in a network of national and international organizations for the development of sustainable businesses. These initiatives provide guidelines, indicators and targets for creating and measuring positive impact which translate into social and environmental actions for the community and our collaborators. Among the main commitments are the PSI (Principles for Sustainable Insurance), the UNEP-FI (United Nations Environment Programme Finance Initiative), the PRI (Principles for Responsible Investment), the United Nations Global Compact and the CDP (Driving Sustainable Economies).

The result of this performance and the alignment with the business strategy is perceived through the recognition in the most relevant sustainability indices. In 2018 SulAmérica remained in the FTSE4Good Index Series portfolio for the second consecutive year and was also included, for the first time, in the Dow Jones Sustainability Emerging Markets Index, from the New York Stock Exchange (NYSE), an important benchmark among sustainability indices which lists companies committed to environmental, social and corporate governance (ESG) issues.

8. Capital Markets and Corporate Governance

In 2018, the Company's units were part of the following indices: Brazil Index - IBrX, which represents the top 100 most liquid securities on B3, the Financials Index - IFNC, the Small Cap Index - SMLL, the Differentiated Tag-Along Stock Index - ITAG, the Differentiated Corporate Governance Index - IGC, the Corporate Governance Trade Index - IGCT and the Brazil Broad Index - IBRA. Furthermore, the units were also part of sustainability indices: the FTSE4Good Index , from FTSE (Financial Times Stock Exchange) Russell, a division of the London Stock Exchange, and the Dow Jones Sustainability Emerging Markets Index, from NYSE.

In 2018, the units of Sul América S.A. (B3: SULA11) appreciated 57.5% while the Ibovespa rose 15.0%, similar to IbrX (+15.4%). The units ended the year quoted at R$28.60 and the Company's market value was R$11.3 billion as at 12/31/2018. The average daily trading financial volume was of R$33.1 million in 2018.

Units (SULA11) performance – Since IPO

(1) 100 basis starting on 10/04/2007.
Source: Bloomberg

9. Investments

As at 12/31/2018, the Company maintained direct investments in the following companies: Sul América Companhia Nacional de Seguros in the amount of R$4.0 billion, Sul América Companhia de Seguro Saúde in the amount of R$2.0 billion and Saepar Serviços e Participações S.A. in the amount of R$1.5 billion.

Additionally, the Company maintained an indirect investment through Sul América Capitalização S.A. - SULACAP in Caixa Capitalização S.A., in the amount of R$83.6 million. It also has R$12.1 million of indirect investment, through Sul América Serviços de Saúde S.A. in Sharecare Brasil Serviços de Consultoria LTDA.

10. Net income for the Year and Proposed Allocation

Management submitted to the Shareholders' Meeting a proposal for the distribution of net income that included the payment of dividends, which corresponds to 25% of total adjusted net income in the fiscal year, as shown below:

Description (R$ million)	2018	2017
Income before tax and social contribution	**914.6**	**777.2**
(-) Taxes	-9.7	-3.9
Net income	**905.0**	**773.3**
Other adjustments	-	0.6
Net income after other adjustments	**905.0**	**773.8**
Increase in legal reserve (5%)	-45.2	-38.7
Adjusted net income	859.7	735.1
Mandatory dividends		
25% of adjusted net income (a)	**214.9**	**183.8**
(-) Interest on capital net, included in mandatory dividends (b)	**136.6**	**120.3**
Gross	160.0	140.0
Income tax	-23.4	-19.7
Total dividends to be paid (c) = (a) - (b)	**78.4**	**63.5**
Allocation:		
Increase in statutory reserve	**621.4**	**531.6**

11. Shareholders' Agreement

Sul América S.A. is part of shareholder agreement with Swiss Re Direct Investments Company LTD, since 12/2/2013, which contains, among others, the right to appoint one member of the Board of Directors of the Company and conditions for the sale of shares issued by the Company.

12. Arbitration Chamber

The Company, its shareholders and its directors and officers are bound to arbitration at the Market Arbitration Chamber, in accordance with Article 47 of its bylaws.

13. Compliance with CVM Instruction No. 381 of January 14, 2003

On October 28, 2014, Sul América S.A. and its subsidiaries engaged Deloitte Touche Tohmatsu Auditores Independentes to provide external audit services related to the audit of its financial statements (individual and consolidated) over a period of five years.

During 2018, Deloitte did not provide services other than external audit to the Company and its subsidiaries.

Deloitte considers it to be an independent entity and that the aforementioned financial advisory services do not affect its independence or objectivity in its service provision.

SulAmérica has a policy on related party transactions available on the website www.sulamerica.com.br/ir. During 2018, no transaction between Deloitte and SulAmérica was made that could be classified as a related party transaction.

14. Declaration of the Statutory Officers

The statutory officers of Sul América S.A., a publicly held Company with authorized capital and headquarters in the City of Rio de Janeiro, inscribed in the roll of corporate taxpayers CNPJ/MF under number 29.978.814/0001-87, in accordance with Items V and VI, Paragraph 1, Article 25 of CVM Instruction 480 dated December 7, 2009, have reviewed, discussed and are in agreement with the Company's financial statements for the fiscal year ended 12/31/2018, as well as with the opinions expressed in the Company's independent auditors report from Deloitte Touche Tohmatsu Auditores Independentes, regarding these statements.

We are thankful to all of our clients, brokers, business partners, regulators, and our shareholders. Finally, we are also grateful for the commitment of our employees and their important contribution to the achieved results.

Rio de Janeiro, February 26, 2019.

THE MANAGEMENT

Sul América S.A. and Subsidiaries

Notes to the financial statements as at December 31, 2018 and 2017.

(In thousands of Brazilian Reais – R$, except as otherwise stated)

1. General Information

SUL AMÉRICA S.A. is a publicly-held corporation that is domiciled in Brazil and headquartered in Rio de Janeiro, at Rua Beatriz Larragoiti Lucas, 121, Cidade Nova. The Company operates, through its subsidiaries and associates, in health (which includes health and dental insurance, health and dental administrative services only plans, and healthcare and well-being solutions), property and casualty, life insurance and private pension, savings bonds, and asset management segments.

Its Units (stock certificates, each comprising one common share and two preferred shares) are listed in the Level 2 of Differentiated Corporate Governance Practices of B3 S.A. - Brasil, Bolsa, Balcão (B3) under the ticker symbol "SULA11.

Sul América S.A. is controlled by Sulasapar Participações S.A. (SULASAPAR), a closely-held corporation domiciled in Brazil, headquartered in Rio de Janeiro, which holds 50.87% of the common shares and 0.01% of the preferred shares, which in aggregate represent 25.66% of the total capital of the Company, not including the treasury shares.

In the accompanying financial statements, Sul América S.A. is hereinafter individually referred to as "Company", whereas "SulAmérica" is used in connection with Sul América S.A., its subsidiaries and the exclusive investment funds of which these companies are the sole unitholders, referred to as "Exclusive Funds", as described in Note 4.

1.1. Acquisition of Prodent Assistência Odontológica Ltda. ("Prodent")

On October 8, 2018, the Company released a material fact informing that its indirect subsidiary Sul América Odontológico S.A. signed on such date a contract for acquisition of 100% interest in Prodent Assistência Odontológica Ltda.("Prodent"), a company based in the State of São Paulo, for the base price of R$ 145.7 million. The completion of this transaction is pending the fulfillment of certain conditions precedent, as established in the respective contract, including the prior approval from the appropriate regulatory bodies. The acquisition of Prodent is in line with the strategic focus of Sul América of broadening its portfolio in the dental plan segment.

2. Presentation of financial information

2.1. Basis of preparation of financial statements and statement of compliance with the IFRS and CPC standards

The consolidated and individual financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), and also in accordance with the accounting practices adopted in Brazil (BR GAAP).

BR GAAP comprises the Brazilian Corporate Law and the pronouncements, interpretation and guidelines issued by the Accounting Pronouncements Committee (CPC), approved by the Brazilian Securities and Exchange Commission (CVM), effective at the date of publication of the accompanying financial statements.

The consolidated and individual financial statements are presented together, once there is no difference between the equity and the profit or loss attributable to the shareholders of the Company.

Management declares that the financial statements' own relevant information, and only it, is being evidenced and corresponds to those used by Management in its management.

SulAmérica's Management understands that there is no uncertainty that may affect its ability to continue as going concern, especially because of the following factors: (i) SulAmérica's operations enable an appropriate diversification of risk, and a consistent growth; (ii) SulAmérica has a pricing policy aimed at balancing growth and profitability; (iii) SulAmérica continually invests in new technologies and improvement in its processes that support its operations.

The Board of Directors decided in favor of issuing the accompanying financial statements at the meeting held on February 26, 2019.

2.2. Basis of measurement

The individual and consolidated financial statements were prepared based on the historical cost, except for the actuarial liability of the remaining single-life post-employment benefits and indemnity to executives program, which was determined under the Projected Unit Credit Method, and the following items, which were recognized in the statements of financial position at fair value:

- Derivative financial instruments (Note 6);
- Cash and cash equivalents (Note 7);
- Financial instruments measured at fair value through profit or loss (Note 8); and
- Available-for-sale financial instruments (Note 8).

2.3. Functional and reporting currency

The activities of SulAmérica are performed in an environment that adopts the real (R$) as functional and reporting currency, and, accordingly, the accompanying individual and consolidated financial statements are expressed in this same currency.

3. Significant accounting policies

3.1. Summary accounting practices

3.1.1. Profit or loss

Profit or loss is determined on accrual basis of accounting and considers the following:

- Insurance premiums are recognized over the risk coverage of the underlying policies. Insurance premiums related to insured risks, which policies are not yet written, are recognized based on actuarial estimates;

- The contributions to private pension plans and the premiums of life insurance with survivorship coverage (VGBL) are recognized when effectively received. The participant's rights are reflected by the recognition of technical reserves as contra-entry to profit or loss for the year;

- Commissions from insurance, insurance agency services, costs directly related to soliciting insurance contracts (INSS on brokerage commission, risk inspection, sales performance bonus, third-party costs and personnel expenses), recorded as deferred acquisition costs, amortized based on the insurance contract period (12 months for the most part), except the agency services related to group health insurance and private pension, which are amortized over the average period the policyholders remain in the portfolio (maximum of 120 months for health and 40 months for private pension). The commissions related to insured risks, which policies are not yet written, are estimated based on actuarial calculations; and

- Claims comprising estimated indemnities and expenses to be incurred with claim adjustments, regarding those that may be individually directly allocated (Allocated Loss Adjustment Expenses - ALAE), as well as the other expenses but which may not be directly allocated (Unallocated Loss Adjustment Expenses - ULAE).

3.1.2. Statement of financial position

- Receivables and payables falling due after 12 months are recorded in non-current assets and liabilities, respectively, except marketable securities, which are classified according to the expectation of realization;

- Transactions in foreign currency are translated into the functional currency at the exchange rate prevailing on the transaction date. Assets or liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate prevailing at the reporting date of financial statements;

- Assets and liabilities subject to inflation adjustment are adjusted based on indexes as provided for by the Law or contractually, or based on our historical experience; and

- Deferred tax assets are not adjusted to present value.

3.2. Financial instruments

Financial assets are classified and measured as described below:

3.2.1. Measured at fair value through profit or loss

Securities

Securities acquired for the purpose of being actively and frequently traded are recognized at fair value and classified in current assets. The earnings, gains and losses on these securities are recognized in profit or loss.

Specific securities may be classified into this category, even though they are not frequently traded, taking into account the investment strategy and according to the risk management of SulAmérica.

Derivatives

These are classified in current assets as "Receivables" or in current liabilities as “Accounts payable”, being composed of options and futures contracts.

3.2.2. Available-for-sale securities

Securities that cannot be classified as “measured at fair value through profit or loss”, “held-to-maturity” or “loans and receivables” are classified into “available for sale” and recognized at cost, plus income earned in the year, recorded in profit or loss. Unrealized gains and losses are reported in a separate equity account, net of their related tax effects and, when realized or when impaired, are allocated to profit or loss as a contra entry to a separate equity account.

3.2.3. Held-to-maturity securities

Securities for which SulAmérica has the intent and financial condition to hold in portfolio to maturity are stated at cost, plus income earned through the period, which is recorded in profit or loss.

3.2.4. Loans and receivables

Loans and receivables are financial assets represented by premium receivable and other accounts receivable, initially measured at fair value, plus transaction costs. These financial assets are measured at the amortized cost, adjusted for impairment, when applicable.

3.3. Savings bonds

Savings bonds, negotiated by SULACAP, are regulated by the Superintendence of Private Insurance (SUSEP). In the accompanying financial statements, these bonds are classified into financial instruments, according to CPC 38 and IAS 39.

The asset is recognized in “Receivables” in current and is composed of amounts receivable of savings bonds recorded at cost, adjusted by fixed rates, and categorized as “loans and receivables”.

The liability is recorded in “Accounts payable” in current and refers to commitments related to draws and redemptions. The reserve for redemptions is calculated for each active or suspended bond over the expected term until its redemption, as provided for in the general conditions of the bond, or expiration, according to the legal terms. The reserve for draws is calculated to cover the premiums arising from draws already made and those not yet made.

In the accompanying consolidated financial statements, the revenues from amounts receivables of bonds, consideration of amounts recorded in assets, and the expenses arising from reserves for redemptions and draws, recorded in liabilities, are compared and offset.

The final product of savings bonds operations is recorded in profit or loss for the year, under operating income and expenses, in line item “Savings bonds”, related to the remuneration that SULACAP receives for the management of savings bonds.

3.4. Escrow deposits

Gains on and inflation adjustment of escrow deposits are recognized in profit or loss, in line item “Investment income”.

3.5. Intangible assets

3.5.1. Intangible assets with finite useful lives

Intangible assets with finite useful lives are initially recorded at cost of acquisition or amount determined by means of technical valuation.

Intangible assets with finite useful lives are amortized throughout their economic useful lives and tested for impairment whenever there is indication of loss of economic value of the asset. SulAmérica adopts the straight-line method in the amortization of its assets with finite useful lives. The amortization period and method for these intangible assets are reviewed at least at the end of each year. Changes in the estimated useful life or expected consumption of future economic benefits of these assets are recorded by means of changes in the amortization period or method, as the case may be, being treated as changes in accounting estimates. The amortization of intangible assets with finite lives is recognized in the line item “Administrative expenses”, in profit or loss.

Gains and losses resulting from the derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the residual carrying value of the asset, net of impairment, being recognized in equity income, when the asset is derecognized.

3.5.2. Goodwill in acquisitions of subsidiaries

Goodwill represents the consideration paid in excess of the net fair value of the assets acquired on the respective acquisition date, based on the expected generation of future profit. Goodwill is recorded in investment, in the Company statements, and in intangible assets, in the consolidated financial statements, and in case of upstream mergers. Goodwill does not have finite useful life, and, therefore, is not amortized and has its recoverable value annually tested or whenever there are indications of possible impairment, as described in Note 3.8. In the case of sale of subsidiary or associate that gives rise to goodwill in its acquisition, such goodwill is considered in the determination of the transaction gains and losses. See Note 14.

3.6. Loans and financing

These comprise debentures and one credit transaction (Bank Credit Note – CCB), initially recognized at their contractual amounts, deducted for the respective transaction costs, and adjusted according to the agreed-upon interest rates, and finance lease, recognized at the contractual amount of leased assets, discounted to present value at the interest rate implicit in the contract.

3.7. Ownership interests

Ownership interests are initially recognized in investments at fair value, adjusted for impairment, and take into account the following:

- In the individual financial statements, the ownership interests in subsidiaries and associates, and in the consolidated financial statements, the ownership interests in associates are measured under equity; and
- The goodwill or discount arising from the acquisition of shares in subsidiaries from non-controlling interests (capital transaction) is recognized in equity.

3.8. Impairment

3.8.1. Financial assets (including receivables)

Financial assets not measured at fair value through profit or loss have their recoverable value tested for impairment whenever there are indications of impairment. On the other hand, financial assets measured at fair value are impaired after the initial recognition of the asset in case it shows a negative effect on the projected future cash flows.

3.8.2. Non-financial assets

Non-financial asset impairment is recorded when the residual carrying amount exceeds the recoverable amount, which is the higher of the estimated costs to sell and the value in use, determined by the present value of estimated future cash flows as a result of the use of the asset or the cash-generating unit.

The recoverability of assets is reviewed at least annually. The impairment losses of intangible assets with finite useful lives, when applicable, are recorded in the line item “Equity income”, in profit or loss for the year.

There is no asset as at the reporting dates of the accompanying financial statements subject to impairment losses and no losses are recorded in profit or loss for the years 2018 and 2017.

3.9. Current and deferred income tax and social contribution

The accrued liabilities for current and deferred income tax and social contribution are recognized at the effective rates at the reporting date of financial statements.

The recognition of deferred income tax and social contribution in assets is made based on the Management's expectation about the realization of future taxable profit and certain temporary differences, which expectations are based on estimates prepared and approved for periods of up to ten years.

For the purposes of reporting in the financial statements, the current and deferred tax assets and liabilities are offset, respecting the individuality of the entities of SulAmérica, when there is legally enforceable right to offset the recognized amounts, and are related to taxes on profit levied by the same tax authority.

3.10. Technical reserves for insurance contracts

Technical reserves are recognized in the operating subsidiaries according to the rules established by the Superintendence of Private Insurance (SUSEP) and National Regulatory Agency for Private Health Insurance and Plans (ANS), as the case may be, and are adjusted in the consolidated financial statements regarding the following aspects:

- The amounts related to directly and indirectly allocated loss expenses, respectively known as Allocated Loss and Adjustment Expenses (ALAE) and Unallocated Loss and Adjustment Expenses (ULAE) are recorded in the Outstanding Claims Reserve and in the Incurred But Not Reported (IBNR) Reserve;

- Recognizing, in the consolidated statements, the Contribution Deficiency Reserve to cover possible deficiencies in the mortality expectancy;

- The writings carried out in advance are not considered written premiums in the accompanying consolidated financial statements, and, accordingly, do not affect the Unearned Premium Reserve;

- The other costs directly related to the process of soliciting insurance contracts (INSS on brokerage commission, risk inspection, sales performance bonus, third-party costs and personnel expenses) are deferred on straight-line basis, over the average period of insurance contracts;

- The Incurred But Not Reported Reserve for lawsuits is not recorded in the subsidiaries regulated by the ANS, as established by this regulatory body. In the consolidated financial statements, the reserve is recorded according to its own methodology and assumptions, described in Note 3.10.4;

- The Unearned Premium or Contribution Reserve is calculated in the subsidiaries regulated by the ANS, as established by the rules of such regulatory body. In the consolidated financial statements, this reserve is recalculated and recorded according to the SUSEP's methodology, aiming at unifying the accounting practice; and

- The Liability Adequacy Test in the consolidated financial statements follows the best practices considered by the Management in relation to assumptions and methodology. Any possible inadequacy is recorded in the Supplementary Coverage Reserve.

3.10.1. Unearned Premium Reserve

For contracts that provide risk coverage for private pension and health insurance, property and casualty insurance, and life insurance and private pension, the unearned premium reserve is stated using the *pro rata die* method, based on premiums or contributions, multiplied by the contract period to be elapsed and divided by the total risk coverage period.

3.10.2. Unearned Premium Reserve Related to Risks in Force Associated with Policy / Invoice Not Written

For the contracts providing risk coverage for private pension, property and casualty insurance, and life insurance and private pension, the unearned premium reserve related to risks in force associated with policy / invoice not yet written is recognized for determining the portion of premiums not yet earned, related to policies not yet written, but which risks are already insured. For property and casualty insurance contracts, it is calculated using the expected late payment factor, determined every six months, based on the historical weighted average between the unearned premium reserve related to risks written after the inception of the period and the recorded unearned premium reserve. For some life insurance and private pension lines, which individual risks are insured until the following month, the late payment factor is applied and calculated based on the monthly written premium and not on the recorded unearned premium reserve.

3.10.3. Outstanding Claims Reserve

Administrative proceedings

The outstanding claims reserve is recognized to cover amounts payable for claims already reported until the reporting date of the financial statements comprising the following:

- For the property and casualty and life insurance and private pension segments, the outstanding claims reserve is calculated using the claims reported until the reporting date, plus the Allocated Loss Adjustment Expense (ALAE). After the outstanding claims reserve is calculated on individual basis by reported claim, and additional amount is recorded, calculated based on total claim estimate, a methodology known as the IBNP. After determined, the adjustment amount is classified proportionally, a portion as outstanding claims reserve and another as Incurred But Not Reported (IBNR) Reserve, as described in Note 3.10.4;

- For the health segment, the outstanding claims reserve is recognized at the amount of the service providers invoices and requested reimbursements, plus the ALAE, calculated based on the reported claims; and

- The expenses related to claim adjustment management that are not individually allocated (ULAE).

Lawsuits

The outstanding claims reserve related to lawsuits is estimated and recorded based on the opinion of the internal legal department, independent legal counsel and management, considering the respective loss estimate. In the case of lawsuits considered similar, recurring and related to business, the outstanding claims reserve takes into account factors calculated by likelihood of loss, based on the ratio of amounts spent in settled lawsuits over the recent months to their corresponding history of risk exposure estimates. Regarding the lawsuits that have singular and relevant characteristics, the Judicial outstanding claims reserve corresponds to 100% of the estimate made, plus 10% related to the attorney's fee awards for cases in which the likelihood of loss is considered probable.

In all cases, the reserves are periodically revaluated according to their progress and adjusted by the Brazilian Extended Consumer Price Index (IPCA) and interest of 10.59% per year (10.65% in 2017), based on the history of interest payment observed.

The reserves and the attorney fee awards in civil lawsuits related to contractual claim indemnity are recorded under the line item "Technical Reserves – Insurance" in current and non-current liabilities. The corresponding escrow deposits are recorded in line item "Escrow Deposits", in non-current assets, and may be adjusted for inflation by the Referential Rate (TR) or SELIC (base rate), and interest of 6% per year.

3.10.4. Incurred But Not Reported (IBNR) Reserve

Administrative proceedings

The Incurred But Not Reported Reserve is recognized to cover claims incurred but not yet reported until the reporting date of financial statements and considers:

- For property and casualty insurance and life insurance and private pension lines, the IBNR Reserve is recognized based on the final estimate of claims incurred but not yet reported. The IBNR Reserve is calculated based on statistical and actuarial methods, known as run-off triangles, that consider the history of monthly and/or quarterly figures of claim reports to make a future projection per period of incurrence. Such history is traced based on the number of claims as well as on the involved amount of claims, depending on the characteristics of contract lines, and always seeking the most adjustable methodology. Depending on the insurance line, the observed history period ranges from 60 to 140 months. Besides the calculated amount, an additional amount is recorded related to the estimate for development of claims after reporting based on the methodology known as IBNP, which considers the total claim estimate obtained by statistical and actuarial methods similar to the IBNR; and

- For the health insurance line, the Incurred But Not Reported (INBR) Reserve is calculated based on the Incurred But Not Paid (IBNP) subtracted from outstanding claims reserve. In order to determine the IBNP, the final estimate of incurred but not yet paid claims is calculated based on monthly run-off triangles, which consider the history of claims paid over the past 36 months, plus the Allocated Loss Adjustment Expenses (ALAE), in order to make a future projection per period of incurrence.

The Unallocated Loss Adjustment Expenses (ULAE) of Incurred But Not Reported (IBNR) Reserve are calculated for all lines of insurance and private pension subsidiaries.

Lawsuits

The Incurred But Not Reported (IBNR) Reserve related to lawsuits is set up to cover claims incurred but still without summons that, based on past experience, give rise to financial disbursement at the judicial level. The reserve is unrelated to the fact that these claims have been denied on technical basis by such subsidiaries, or have not been reported yet because the insured or third-party decided to directly file a

lawsuit without requesting an indemnity to the Company first.

For the lines of property and casualty insurance, and life insurance and private pension, the IBNR Reserve for lawsuits is calculated based on the method known as run-off triangles, considering the six-month period development of summons of legal claims to make a future projection for each period of incurrence. Such development is made by quantity of claims, being subsequently multiplied by the average claim value.

For the health line, the calculation methodology is based on the quantity of denials observed as at the calculation base date, percentage of return of cases that have been administratively denied, and the recorded average value of legal claims.

3.10.5. Mathematical Reserve for Benefits to be Granted

The mathematical reserve for benefits to be granted is related to private pension, life insurance with survivorship coverage and individual life insurance contracts and comprises the commitments taken with participants/insureds while the event that generates the benefit does not occur. The mathematical reserve for benefits to be granted is calculated based on the financial movements of each participant. Allocation to current and non-current liabilities is based on the projected cash flow of benefits payable for the next years, which considers actuarial assumptions, such as mortality table, cancellation rates, and retirement age.

3.10.6. Mathematical Reserve for Benefits Granted

The mathematical reserve for benefits granted is related to private pension, life insurance with survivorship coverage and health insurance, corresponding to the amount of benefits which generating event has already occurred and been reported.

The mathematical reserve for benefits granted related to private pension and life insurance with survivorship coverage is calculated based on the expected future benefits discounted at the interest rates of contracts to the reporting date of the financial statements, and estimated based on contracted guarantees of mortality table.

The mathematical reserve for benefits granted for health insurance lines is recorded to the guarantee existing in some contracts of the benefits of premium redemption, granted to the beneficiary's dependents over the term set in each policy (maximum of 5 years) in view of the death of the policyholder. The reserve is calculated based on the estimated future claims of beneficiaries discounted taking into account the life expectancy of beneficiaries and interests at 6% per year, according to the actuarial technical note approved by the National Regulatory Agency for Private Health Insurance and Plans (ANS).

3.10.7. Contribution Deficiency Reserve

For private pension contracts, this reserve is aimed at covering possible deficiencies in the survival expectancy of the mathematical reserve for benefits to be granted and mathematical reserve for benefits granted. Such deficiencies are determined through calculations that take into consideration the projection of inflows of contribution and outflows of benefits. In order to prepare the projections, assumptions are considered, the most important of which are the survival of participants, calculated based on the BR-EMS mortality table and the expected time the participant remains in the portfolio. The reserve is set up when the balance of reserves is insufficient to meet the value of projected inflow and outflow of funds. The flows are discounted to present value by the contractual rate of each policy, at the calculation date.

3.11. Liability Adequacy Test (LAT)

The CPC 11/IFRS 4 standard requires insurance companies and health insurance operators that issue contracts classified into insurance contracts analyze the adequacy of liabilities recorded at each disclosure date of financial statements through a minimum adequacy test. This test shall be carried out based on current realistic actuarial assumptions about the future cash flows. These current estimates for cash flows consider all risks assumed through the base date of the test, gross of reinsurance.

The maintenance expenses directly related to the operation are taken into account in the assumptions. The monthly result of the realistic cash flow is brought to present value.

The LAT result is determined by the difference between the amount of the current estimates for cash flows and the book balance of the technical reserves as at the reporting date, less the deferred acquisition costs and the intangible assets directly related to technical reserves.

When applicable, the deficiencies found in the LAT are recorded in the Supplementary Coverage Reserve (PCC), with contra-entry in profit or loss.

LAT calculation result

For contracts of private pension and life insurance with survivorship coverage (VGBL), the LAT result is determined by the difference between the current cash flow estimates and the book balance of the mathematical reserve for benefits granted, mathematical reserve for benefits to be granted, reserve for related expenses, and contribution deficiency reserve. The survivorship estimate used is the BR-EMS

mortality table, and for the estimates of the conversion into single-life annuity, cancellation and redemption, the realistic assumptions are used. The cash flows are discounted by the internal rate of return of related assets. The LAT result shows a sufficiency of reserves, accordingly, there is no need of recognizing an additional amount.

For some life insurance contracts that have a representative for the respective insured members and without re-adjustment of premiums per age range, the cash flows of claims and future expenses deducted for the corresponding future premiums were discounted to present value using the risk-free Term Structure of Estimated Interest Rates (ETTJ). The calculation resulted in the recognition of a Supplementary Coverage Reserve amounting to R$59,033 as at December 31, 2018 (R$61,233 in 2017).

For the other insurance operations the LAT is also performed and indicated the adequacy of reserves, and, accordingly, there was no need for recognizing an additional amount.

3.12. Provisions for lawsuits

The Company and its subsidiaries recognize provisions to cover future expenditures arising from civil lawsuits, labor claims and tax proceedings. The amounts are recognized based on the individual analysis of the estimated loss and the risk level classification (probable, possible or remote), carried out by independent legal counsel, followed up by the internal legal department and the management of the Company and its subsidiaries.

3.12.1. Civil and labor

In the case of civil lawsuits, which claims are considered similar and usual, that is, lawsuits which plaintiff is a client of the Company or of its subsidiaries, and which claim is recurring and related to the business, in addition to the estimated amount and risk level classification, the accrued amounts are recognized based on the application of statistical percentages calculated based on the analysis of amounts spent with lawsuits settled over the past 60 months, and their corresponding history of risk exposure estimates. The calculation also takes into account the nature of lawsuits, the respective loss estimate, the financial expenditure and the related insurance line group, when applicable.

In case the civil lawsuit is classified as material, that is, has unusual claims and amounts, according to the rules established in the Company's Policy on Material Lawsuits, the amounts of the provision for lawsuits which losses are considered probable are recognized at 100% of the estimated amount, considering that the additional 10% refer to attorney's fee awards. It is worth noting that, given the individuality and particularity of such lawsuits, it is not possible to base the provisions on the amounts already incurred with other cases.

Beginning October 2017, all labor claims started to be classified as material, in view of the differentiated and detailed follow-up on each claim; accordingly, the provision amounts for claims which losses are considered probable is recognized at 100% of the estimated amounts, plus 10% related to attorney's fee awards, by claim.

In all cases, the accruals are periodically revaluated according to the lawsuit progresses and monthly adjusted by the IPCA, in the case of civil lawsuits, or by the TR, in the case of labor claims, both with the levy of interests at 10.59% per year (10.65% in 2017).

The provisions for lawsuits and attorney fee awards in civil lawsuits not related to contractual claim indemnity and labor claims are recorded under the line item "Provisions for Lawsuits".

The corresponding escrow deposits are recorded in their specific line item in non-current assets, and are adjusted for inflation by the TR and interest of 6% per year, regarding the civil and labor escrow deposits, and by the country's base rate (SELIC) regarding the private pension escrow deposits, according to the prevailing legislation.

3.12.2. Tax

Accrued liabilities for lawsuits related to tax, contribution and other tax liabilities, which are being challenged in court, are periodically reviewed and monthly adjusted by the SELIC, pursuant to the prevailing legislation, and are recorded based on the opinion of attorneys handling the lawsuits and Management regarding the probable outcome of lawsuits. The accrued liabilities are recorded when Management considers that it is probable that an outflow of funds will occur until the settlement of the lawsuits and such amount may be reasonably estimated, and are recognized in the financial statements, in the line item "Provisions for Lawsuits", in current and non-current liabilities. The amounts referring to challenges related to the illegality or unconstitutionality of taxes, contributions and other tax liabilities are accrued notwithstanding the evaluation regarding the likelihood of favorable outcome, and, accordingly, the amounts are fully recognized in the financial statements, under "Accounts payable". The amounts related to other present obligations in relation to which the outflow of funds is probable, are recorded in "Provisions for Lawsuits", in non-current liabilities. The corresponding escrow deposits are recorded under "Escrow Deposits", in non-current assets, and are adjusted by the SELIC, pursuant to the prevailing legislation.

3.13. Post-employment benefits

Benefits comprise the Defined Contribution Plan, through the PGBL Pension Plan, Single Life Annuity, Indemnity to Executives Program, and Health and Life Insurance.

PGBL costs are recognized in statement of profit or loss at the amount of contributions made. The commitments on single-life annuity and indemnity to executives program, health and life insurance are provisioned on accrual basis, based on actuarial calculations, according to the Projected Unit Credit Method and other actuarial assumptions.

3.14. Stock Option Plan

The Company adopts a stock option plan in which the respective fair values are calculated on the date before the grant, and according to the approved methodology. The accounting record is made on the date before the grant, in the line item "Administrative Expenses", with the corresponding increase in Equity, in the line item "Capital Reserves", during the period the beneficiaries become unconditionally vested in the units (see Note 21.2).

3.15. Dividends

Dividends are recognized in financial statements upon their effective distribution or when their distribution is approved by shareholders, whichever occurs first. When the Board of Directors examines the annual financial statements, it submits to the Shareholders' Meeting its proposal for distribution of profit for the year. The amount of dividends proposed by the Board of Directors is recorded in the accounts under equity and only a portion corresponding to mandatory dividends is recognized in liabilities in the annual financial statements.

3.16. Earnings per share

Earnings per share are calculated based on net income for the year attributable to shareholders and takes into consideration the weighted average of the shares outstanding over the year and the methodologies for calculation named "basic" and "diluted".

The calculation of the weighted average of common and preferred shares takes the following into consideration:

- The calculation based on the daily average;
- The weighted average of common and preferred shares, deducted for the number of total shares held in treasury; and
- The amounts of grants and cancellations issued in connection with the stock incentives of the Company, during the year, in the adjustment to the weighted average.

3.17. Operating segments

The presentation per business segments (Note 23) takes into consideration the structure used by the Management for analyzing the profit or loss in order to make decisions, creating and presenting segments in internal reports with characteristics, risks and returns similar to each other, and the relevance of this information. The business segments recognized by the Management are as follows:

Health

The segment is formed by administrative services only and health and dental insurance plans, which are divided into "group" and "individual".

The group one comprises the health insurance and plan, and also the dental plan. It is a segment targeted at small, medium and large-sized companies. The available products have differentiated conditions in order to meet the profile of each company.

The individual one is targeted at individuals and has standard characteristics.

Property and casualty

This segment is formed by automobile, massified and mortgage insurance.

The main insurance of this segment is the automobile one, which ensures to the insured indemnity for loss incurred arising from the events covered by the policy. The several types of indemnity, services and benefits vary according to the insured profile and contract conditions.

Life and private pension

The life and private pension segment is formed by life insurance and private pension.

Life insurance is composed of individual and group life lines, and individual and group accidents lines. The total coverage and premiums paid vary according to the profile and objective of each individual or group of insureds.

Private pension is a product in which the client chooses a profile with which it has identification (moderate, aggressive and conservative) and makes contribution payments, based on the amount she/he wishes to have at retirement. Benefit payment types are negotiated upon retirement.

Savings bonds

The savings bonds segment is composed of fund accumulation products and is not treated as insurance products in the accompanying financial statements, according to Note 3.3. These products are recognized according to the following types: traditional and incentive.

- **Traditional**

These comprise savings bonds that provide bondholders with accumulation in which they are automatically entitled to participate in periodical draws and redemption.

- **Incentive**

These are those in which sale is made in connection with a promotional event in which the underwriter acquires the bonds and fully or partially cedes the right to draw.

Management and administration of assets

Profit or loss from investment operations, performed by the subsidiaries SAMI and SAGA, and the expenses and income allocated to the corporate supporting units.

Other

Income and expenses allocated to corporate back office units, and the adjustments and eliminations among group segments, as mentioned in Note 4.3 (a).

3.18. Statements of value added

The statements of value added were prepared in accordance with CPC 09 – Statement of Value Added, and are an integral part of these consolidated financial statements (which under the IFRS represent supplementary information) and individual financial statements (which under the BR GAAP are mandatory for publicly-held companies).

3.19. Classification of contracts

SulAmérica analyzes its contracts through a structured process, trying to identify the essence of each transaction and component existing in these contracts, which rules require differentiated accounting treatment to the contract in some cases, such as the embedded derivatives, the components of deposit and discretionary interest, provided for in the CPC 11/IFRS 4 standard, so that the appropriate accounting record of each contract and components is made.

Insurance contracts are those in which the insurer accepts a significant insurance risk from the insured, agreeing to provide the beneficiary with a compensation in case of an uncertain, specific and adverse future event. Reinsurance contracts are also included in this context. These contracts are recorded according to the CPC 11/IFRS 4 standard in the accompanying financial statements. The financial instruments do not transfer significant insurance risk and are recorded according to the CPC 38/IAS 39 standard, which is the case of savings bonds products.

The assets acquired as finance lease are being recorded in assets, being normally depreciated according to the useful life of each asset. Regarding the contracts classified as operating lease, SulAmérica monthly records the contract installments in profit or loss, being treated as rent, as set out by the CPC 06/IAS 17 standard.

3.20. Estimates

The preparation of the individual and consolidated financial statements in accordance with the IFRS and the CPCs requires Management to make judgments, estimates and assumptions that affect the application of accounting practices and the recording of assets, liabilities, income and expenses, as well as the disclosure of information on the financial statements data. Actual results may differ from the estimates. The main estimates related to the financial statements refer to the recording of liabilities related to claims, the period for deferring certain acquisition costs, the likelihoods of favorable outcomes in lawsuits, and the probable amount of disbursement reflected in provision for lawsuits, the calculation of the fair value of financial instruments, and other balances subject to this valuation.

Estimates and assumptions are reviewed on an ongoing basis, and the possible effects are recognized in profit or loss for the year in which the reviews are made.

Additional information on estimates is in the following notes:

- Fair value of cash equivalents (Note 7);

- Fair value of marketable securities at fair value through profit or loss and available for sale securities (Notes 6 and 8);
- Provision for doubtful accounts (Note 9);
- Provision for SFH (Note 9.1.2);
- Tax credits and debits (Note 10);
- Deferred acquisition costs (Note 12);
- Provision for impairment (Note 14);
- Outstanding claims reserve and IBNR (Note 19);
- Tax obligations (Note 20.2.1); and
- Provisions for lawsuits (Note 20.2.2).

3.21. New and revised standards and interpretations

3.21.1. International Financial Reporting Standards (IFRS) and the Accounting Pronouncements Committee (CPC)

When pertinent to the financial statements, the application of new and revised standards and their respective effects, did not produce material effect or were not adopted due to the temporary optional exemptions provided in the IFRS.

Adoption of CPC 47 (IFRS 15) as of January 1, 2018

On December 22, 2016, CPC issued CPC 47 – Revenue from Contracts with Customers, approved by the CVM and the Federal Accounting Council (CFC), which core principle is that a company shall recognize revenue to show the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

SulAmérica's operations within the scope of CPC 47 (IFRS 15) are the following: asset management and administration, health care operations (administered health care), in-company dental services (provision of dentists – In Company) and administrative services only for issuing policies, claim adjustment, among other services provided to other insurance companies. Such activities amount to approximately 1% of SulAmérica's total gross revenue in the year ended December 31, 2017 and 2018. Additionally, there is no other business, operations or regulatory aspect that cause such operations, separately or in aggregate, to become significant in relation to the insurance operations.

The adoption of CPC 47 for the aforementioned activities did not produce material impacts on the opening balances as at January 1, 2017 (transition date), on the changes, or on the balances as at December 31, 2017, considering that the accounting practices adopted by SulAmérica were already substantially consistent with the CPC 47 requirements.

Optional temporary exemption from the application of CPC 48

On December 21, 2017, CPC, by the disclosure of Revision 12 – Revision of Technical Pronouncements, approved by CVM, made changes to CPC 11, to adjust the effective adoption dates of CPC 48 and the new accounting standard for insurance contracts (IFRS 17), issued by IASB but not yet provided by CPC, CVM, SUSEP, and/or ANS.

CPC 48 deals with the recognition of financial instruments. However, for the company to meet certain criteria established in such change, it provides a temporary exemption alternative that allows, but not requires that the company applies CPC 38 – Financial instruments: Recognition and Measurement instead of CPC 48, for annual periods beginning before January 1, 2021, except if another date is required or established by the regulatory bodies.

The company may apply the temporary exemption of CPC 48 if, and only if: (a) it has not previously applied any version of CPC 48, except for the requirements for presentation of gains and losses on financial liabilities designated at fair value through profit or loss; and (b) its activities are predominantly related to insurance, as at the reporting date of its annual report immediately prior to April 1, 2016, or at a later date of presentation of annual reports.

During 2017, SulAmérica made an evaluation of such changes and concluded, under the terms of CPC 11, that its activities are predominantly related to insurance as at December 31, 2015, for the following reasons: (a) the carrying amount of its liabilities arising from the contracts within the scope of CPC 11 is significant in comparison with the total of its liabilities in the books; and (b) the percentage of the total carrying amount of its insurance-related liabilities to the total carrying amount of its liabilities is 81%, and the insurance company does not engage in significant activities not related to insurance.

The activities that are not related to insurance in SulAmérica are represented by the following: asset management and administration, savings bonds (loading fee), health care operations (administered health care), in-company dental services (provision of dentists – In Company) and administrative services only for issuing policies, claim adjustment, among other services provided to other insurance companies. Such activities amount to approximately 1% of SulAmérica's total gross revenue for the years ended December 31, 2015 and 2017 and period ended December 31, 2018.

As at December 31, 2017 and December 31, 2018 the fair value and, consequently, its changes, for the financial assets with contractual provisions that give rise, on specific dates, to cash flows that solely refers to payments of principal and interests on principal outstanding, except any financial asset that meets the definition of held for trading, are reported in Notes 8.1 and 8.2 in the following classifications: available for sale and held to maturity.

The following new and revised standards applicable to SulAmérica's operations are applicable beginning on January 1, 2018. The application of such standards did not have material impact on the disclosed amounts or respective disclosures in the current or previous periods.

- Annual Improvements to IFRS Standards 2014–2016 Cycle – Amendments to IFRS 1 and IAS 28 – Effective beginning on January 1, 2018;
- Amendments to CPC 10 (IFRS 2) – Share-based payment in relation to the classification and measurement of certain share-based payment transactions - Effective beginning on January 1, 2018;
- ICPC 21 / IFRIC 22 – Foreign currency transactions and advance consideration – Effective beginning on January 1, 2018; and
- Transfers of investment property (amendments to CPC 28 / IAS 40) – Effective beginning on January 1, 2018.

New and revised standards and interpretations already issued, but not yet effective as at December 31, 2018, and not early adopted by SulAmérica

It is expected that the following standards may have material impact on SulAmérica's financial statements in the initial adoption period.

- IFRS 16 / CPC 06 (R2) – Leases – Effective beginning on January 1, 2019;

IFRS 16 / CPC 06 (R2) replaces the existing lease standards, including CPC 06 (IAS 17) Leases and ICPC 03 (IFRIC 4, SIC 15 and SIC 27).

The standard is effective as of January 1, 2019 and introduces a single lease accounting model in the statement of financial position for lessees. The model requires lessees to recognize an asset represented by the right-of-use asset and a lease liability, which represents its obligation to make lease payments. Exemptions are provided for short-term leases and low-value items, and were adopted by the Company, when applicable. Sul América made an initial evaluation of the potential impact on its consolidated financial statements and concluded that the adoption of IFRS16 will not affect its ability to fulfill its signed financial contracts.

During the transition to the standard application, Sul América will reevaluate all contracts to identify leases with right-of-use assets according to the lease contract definition provided in IFRS 16 (CPC 06 R2). Sul América will apply the standard as of January 1, 2019, using the modified retrospective approach, and, accordingly, without adjusting comparative information. As we elected to measure the lease liability and right-of-use asset based on the remaining lease payments adjusted to present value, discounted using the incremental borrowing rate on the lessee's lease liability at January 1, 2019 as provided in the respective CPC, there will be no cumulative effect to be recognized as adjustment to the opening balance of retained earnings as at January 1, 2019.

As at December 31, 2018, the most significant impact identified refers to the recognition of new assets and liabilities of their operating leases of the rents of the head office in São Paulo, according to Note 36, and the new contract of the Rio de Janeiro's headquarters, which will become effective on April 18, 2019. The current contract of Rio de Janeiro's headquarters, according to Note 36, ends on April 17, 2019, and according to the recognition exemption of IFRS 16 / CPC 06 (R2), item C10(c), it will be recognized in profit or loss up to its expiration. The impacts arising from the recognition of the Automobile Fleet contract and other real estate rents, where the branches are located, were also evaluated.

Sul América's future minimum lease payments under non-cancellable operating leases, discounted to present value, total R$114,361 thousand for the rental contract of the São Paulo's head office, R$77,890 for the new rental contract of the Rio de Janeiro's headquarters, R$7,122 for the Automobile Fleet contracts, and R$45,168 for the Rents of branches, as at December 31, 2018. Another point worth stressing is that the coming into effect of IFRS 16 is related to the nature of lease contract expenses, which will be recognized as depreciation of right-of-use assets, as well as the recognition of interest expenses on lease liabilities in substitution for expense on straight-line basis of operating lease.

As at December 31, 2018 Sul América has finance lease in the amount of R$5,227 (R$3,091 em 2017) according to note 16, which will not feel significant impact from the initial adoption of the standard.

- IFRS 17 – Insurance contracts – Effective beginning on January 1, 2021, are still being evaluated by management.

The impacts from the application of the following amended standards and interpretations not have a material impact on the financial statements of SulAmérica or are not applicable to its operations.

- Amendments to CPC 18 Investment in associates (IAS 28) in relation to sale or contributions of assets between an investor and its associate or joint venture – Effective beginning on January 1, 2019;
- IFRIC 23 – Uncertainty over Income Tax treatments – Effective beginning on January 1, 2019;

- Annual Improvements to IFRS Standards 2015–2017 (IFRS) – Amendments to IFRS 3 and 11 on interest previously held in joint operations, to IAS 12 on tax consequences of payments on financial instruments classified as equity, and to IAS 23 on borrowing costs eligible for capitalization – Effective beginning on January 1, 2019;
- Definition of a business (Amendments to IFRS 3 – Business combinations) – Effective beginning on January 1, 2020;
- Definition of material (Amendments to IAS 1 and IAS 8) – Effective beginning on January 1, 2020;
- IAS 29 – Financial reporting in hyperinflationary economies – Effective beginning on January 1, 2019; and
- Change in conceptual framework – Effective beginning on January 1, 2020.

The Accounting Pronouncements Committee has not yet issued accounting pronouncement or amendment to the pronouncements in effect corresponding to all of the new IFRS. Therefore, the early adoption of such IFRS is not allowed for entities that disclose their financial statements in accordance with the accounting practices adopted in Brazil.

4. Consolidation

4.1. Non-controlling interests

In accordance with IAS 27, CPC 36 and ICPC 09, acquisition of non-controlling interest is recorded as a capital transaction and the goodwill or discount arising from such acquisition is accounted for in equity.

The gains or losses arising from changes in non-controlling interests are also recognized in equity.

4.2. Subsidiaries

The financial statements of subsidiaries are consolidated from the date control is obtained or upon authorization from the relevant regulatory authority, as the case may be, and until the date control ceases.

4.3. Practices adopted in consolidation

(a) Elimination of intercompany balances between the Company and its subsidiaries, included in consolidation, as well as the accounts maintained between subsidiaries;

(b) Elimination of the Company's investments in subsidiaries, included in the consolidated financial statements; and

(c) Some subsidiaries prepare their financial statements in accordance with the practices established by the authorities that regulate their activities (SUSEP, ANS and the Brazilian Central Bank - BACEN). Some of these practices are adjusted for consolidation purposes, in order to eliminate the effect arising from the adoption of practices that are not uniform between the consolidated companies and correction of some practices set out by the regulatory authorities and considered by the management non-compliant with the IFRS.

4.4. Consolidated companies

The consolidated financial statements include information on the Company, its subsidiaries, listed below:

			Ownership interest (%) in total capital		Ownership interest (%) in total capital	
			2018		2017	
Company	**Core activities**	**Headquarters**	**Direct**	**Indirect**	**Direct**	**Indirect**
Sul América Companhia Nacional de Seguros - (SALIC)	Insurance	Rio de Janeiro	74.42	25.58	74.36	25.64
Saepar Serviços e Participações S.A. - (SAEPAR)	Holding	Rio de Janeiro	100.00	-	100.00	-
Sul América Seguros de Pessoas e Previdência S.A. - (SULASEG)	Insurance	Rio de Janeiro	-	100.00	-	100.00
Sul América Companhia de Seguro Saúde - (CIA. SAÚDE)	Health Insurance	Rio de Janeiro	34.40	65.60	34.41	65.59
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A. - (SAMI)	Asset Management	São Paulo	-	100.00	-	100.00
Sul América Investimentos Gestora de Recursos S.A. (SAGA)	Asset Management	São Paulo	-	100.00	-	100.00
Cival Reinsurance Company Ltd.	Reinsurance (inactive)	Cayman Island	-	100.00	-	100.00
Sul América Santa Cruz Participações S.A. - (SANTA CRUZ)	Holding	Rio de Janeiro	-	100.00	-	100.00
Sul América Serviços e Participações S.A. - (SASP) (a)	Holding	Rio de Janeiro	-	100.00	-	-
Sul América Serviços de Saúde S.A. - (SULAMED)	Health Maintenance Organization (HMO)	São Paulo	-	100.00	-	100.00
Sul América Odontológico S.A. - (SULAODONTO)	Dental Insurance	São Paulo	-	100.00	-	100.00
Sul América Capitalização S.A. - SULACAP - (SULACAP) (b)	Saving Bonds	Rio de Janeiro	-	100.00	-	94.39
Docway Aplicativo para Serviços em Saúde S.A. (Docway) (c)	Holding	São Paulo	-	78.86	-	-

(a) Company acquired on June 11, 2018, the corporate subject of which is the management of own and third party's assets and the holding of ownership interests in other companies and is not yet in operation.

(b) In the Extraordinary Shareholder's Meeting of the subsidiary SULACAP, held on May 30, 2018, the reverse split of the shares comprising its capital was approved, under the terms of article 12 of Act No. 6404/76, leading to a 1-for-10 reverse split of common shares; from then on the subsidiary SANTA CRUZ holds 100% interest in the capital of SULACAP.

(c) Acquisitions of ownership interest

On December 7, 2018, the subsidiary Saepar Serviços e Participações S. A. signed the contract and completed the acquisition of 78.86% of the shares in Docway Aplicativo para Serviços em Saúde S.A. for the price of R$ 21,938. The goodwill computed in the acquisition, recognized in intangible assets, for purposes of consolidated disclosure, in the amount of R$15,456, is according to the expected future return based on the present value of cash flow projection.

4.5. Exclusive investment funds

The financial statements of investments funds in which the Company and its subsidiaries are the sole unitholders are consolidated from the date when control is obtained until such control ceases.

The following table shows the investment funds in which the subsidiaries are the sole unitholders and were thus included in the consolidated financial statements:

Unitholders	Exclusive funds	CNPJ	Label
SULASEG	MULTIGESTORES PREV SUL AMÉRICA EXCLUSIVO COM RENDA VARIÁVEL FIM CRÉDITO PRIVADO	23.748.493/0001-48	(a)
SULASEG	JGP SULAMÉRICA FUNDO DE INVESTIMENTO MULTIMERCADO CRÉDITO PRIVADO	22.759.978/0001-74	(a)
SULASEG	RF PREV SUL AMÉRICA EXCLUSIVO FIC FI RF CRÉDITO PRIVADO	23.748.517/0001-69	(a)
SULASEG	SULAMÉRICA FIX 100 III FICIFI RENDA FIXA	17.797.527/0001-91	(a)
SULASEG	SULAMÉRICA FIX 100 VII FICIFI RENDA FIXA	19.040.239/0001-13	(a)
SULASEG	SULAMÉRICA PRESTIGE INFLATIE I FICIFI RENDA FIXA	17.797.568/0001-88	(a)
SULASEG	SULAMÉRICA MIX 30 V FICFI MULTIMERCADO	17.797.444/0001-00	(a)
SULASEG	SUL AMERICA BRASIL PLURAL FIC FI RF II CRÉDITO PRIVADO	23.502.688/0001-03	(a)
SULASEG	SULAMÉRICA BRASIL PLURAL FICFI RENDA FIXA CRÉDITO PRIVADO	23.502.671/0001-56	(a)
SULASEG	SULAMÉRICA MIX 15 III FICFI MULTIMERCADO	17.797.410/0001-08	(a)
SULASEG	SULAMÉRICA MIX 15 V FICFI MULTIMERCADO	17.797.418/0001-74	(a)
SULASEG	SULAMÉRICA MIX 30 III FICFI MULTIMERCADO	17.797.436/0001-56	(a)
SULASEG	SULAMÉRICA MIX 49 IV FICFI MULTIMERCADO	17.797.524/0001-58	(a)
SULASEG	SULAMÉRICA MULTICARTEIRA PREV II FICFI MULTIMERCADO	17.797.565/0001-44	(a)
SULASEG	SULAMÉRICA PRESTIGE STRATEGIE FICIFI RENDA FIXA CRÉDITO PRIVADO	19.959.552/0001-50	(a)
SULASEG	SULAMÉRICA VOO LIVRE PREV FUNDO DE INVESTIMENTO MULTIMERCADO	20.889.498/0001-00	(a)
SULASEG	SULAMÉRICA PRESTIGE TOTAL PREV FUNDO DE INVESTIMENTO MULTIMERCADO	13.255.292/0001-55	(a)
SULASEG	SULAMÉRICA SAGE PREV FUNDO DE INVESTIMENTO MULTIMERCADO	13.823.011/0001-13	(a)
SULASEG	SULAMÉRICA SHELL PREV 49 FUNDO DE INVESTIMENTO MULTIMERCADO	20.789.994/0001-84	(a)
SULASEG	SULAMÉRICA LONG TERM PREV EXCLUSIVO FUNDO DE INVESTIMENTO MULTIMERCADO	17.797.400/0001-72	(a)
SULASEG	SULAMÉRICA SHELL PREV FUNDO DE INVESTIMENTO RENDA FIXA	20.789.951/0001-07	(a)
SULASEG	TURNAROUND PREV SULAMERICA EXCLUSIVO FI MULTIMERCADO	23.502.637/0001-81	(a)
SULASEG	SULAMÉRICA TRUST FICFI MULTIMERCADO PREVIDENCIÁRIO CP	23.216.775/0001-02	(a)
SULASEG	SULAMÉRICA ALBATROZ FUNDO DE INVESTIMENTO MULTIMERCADO	09.411.684/0001-99	(a)
SALIC	SUL AMÉRICA CAMBIAL FUNDO DE INVESTIMENTO	10.399.849/0001-33	(a)
SULASEG	SUL AMÉRICA SAP CONCEDIDOS FUNDO DE INVESTIMENTO RENDA FIXA	03.004.427/0001-56	(a)
SULASEG	SUL AMÉRICA EFFECTUS PREV FI MULTIMERCADO	11.314.728/0001-04	(a)
SULASEG	SULAMÉRICA EQUIPE PREV FI MULTIMERCADO	13.255.297/0001-88	(a)
SULASEG	SUL AMÉRICA ESPECIAL FUNDO DE INVESTIMENTO RENDA FIXA	02.127.428/0001-25	(a)
SULASEG	SUL AMÉRICA SAP GRUPAL FUNDO DE INVESTIMENTO RENDA FIXA	02.498.201/0001-96	(a)
SULASEG	SULAMERICA FIX 100 II FUNDO DE INVESTIMENTO RENDA FIXA	04.738.195/0001-22	(a)
SULASEG	SUL AMÉRICA FUTURE FUNDO DE INVESTIMENTO MULTIMERCADO	13.255.321/0001-89	(a)
SULASEG	SULAMERICA MIX 49 I FUNDO DE INVESTIMENTO MULTIMERCADO	04.616.035/0001-00	(a)
SULASEG	SULAMERICA MIX 30 IV FUNDO DE INVESTIMENTO MULTIMERCADO	04.061.652/0001-97	(a)
SULASEG	SULAMERICA FIX 100 VI FUNDO DE INVESTIMENTO RENDA FIXA	04.738.201/0001-41	(a)
DIVERSOS (*)	GRUPAL CASH FUNDO DE INVESTIMENTO RENDA FIXA	08.648.673/0001-64	(a)
SULASEG	SULAMERICA FIX 100 V FUNDO DE INVESTIMENTO RENDA FIXA	03.077.322/0001-27	(a)
SULASEG	SULAMERICA FIX 100 IV FUNDO DE INVESTIMENTO RENDA FIXA	04.056.135/0001-20	(a)
SULASEG	SULAMERICA MIX 15 IV FUNDO DE INVESTIMENTO MULTIMERCADO	03.077.193/0001-77	(a)
SULASEG	SUL AMÉRICA SAP INDIVIDUAL FUNDO DE INVESTIMENTO RENDA FIXA	05.549.144/0001-15	(a)
SULASEG	SUL AMÉRICA PRESTIGE INFLATIE FIC FI RF	13.768.597/0001-60	(a)
SULASEG	SULAMERICA MIX 20 FUNDO DE INVESTIMENTO MULTIMERCADO	03.307.621/0001-00	(a)
SULASEG	SULAMERICA MIX 40 FUNDO DE INVESTIMENTO MULTIMERCADO	04.484.351/0001-76	(a)
SULASEG	SULAMÉRICA MULTICARTEIRA PREV FUNDO DE INVESTIMENTO MULTIMERCADO	08.702.303/0001-68	(a)
SULASEG	NBF SULAMÉRICA F11 PREV FUNDO DE INVESTIMENTO MULTIMERCADO	13.768.561/0001-87	(a)
SANTA CRUZ	PARTICIPAÇÕES CASH FI MULTIMERCADO COM INVESTIMENTO NO EXTERIOR	09.637.456/0001-31	(a)
SULASEG	SULAPREVI INDIVIDUAL FUNDO DE INVESTIMENTO RENDA FIXA	05.508.431/0001-87	(a)
SULASEG	SUL AMÉRICA PRESTIGE PREV FUNDO DE INVESTIMENTO RENDA FIXA	10.394.850/0001-75	(a)
SASA	SUL AMÉRICA SAS CAPITAL FUNDO DE INVESTIMENTO MULTIMERCADO	05.508.529/0001-34	(a)
DIVERSOS (***)	FUNDO DE INVESTIMENTO RF SAS CASH	10.979.008/0001-03	(b)
SANTA CRUZ	SASA FIC FIA COM INVESTIMENTO NO EXTERIOR	08.637.022/0001-79	(a)
SALIC	SICREDI - FUNDO DE INVESTIMENTO SULAMÉRICA CRÉDITO PRIVADO MULTIMERCADO	11.451.972/0001-19	(a)
SULASEG	SULAPREVI CONCEDIDOS FUNDO DE INVESTIMENTO RENDA FIXA	03.181.085/0001-40	(a)
DIVERSOS (**)	SULACAP MASTERII FI RENDA FIXA	03.707.168/0001-20	(a)
SULASEG	SULAMERICA FIX 100 FUNDO DE INVESTIMENTO RENDA FIXA	03.077.330/0001-73	(a)
SULASEG	SULAMERICA MIX 49 FUNDO DE INVESTIMENTO MULTIMERCADO	02.811.681/0001-01	(a)
SULASEG	SULAMÉRICA TI 35 PREV FICFI MULTIMERCADO	10.896.023/0001-80	(a)
SULASEG	SULAMÉRICA TI PREV FIC FI MULTIMERCADO CRÉDITO PRIVADO	10.383.755/0001-76	(a)
SULASEG	SULAMÉRICA FIX 100 PLUS FUNDO DE INVESTIMENTO RENDA FIXA	20.889.471/0001-00	(a)
SULASEG	29 DE ABRIL FUNDO DE INVESTIMENTO MULTIMERCADO CRÉDITO PRIVADO	28.516.222/0001-80	(b)
SULASEG	SULAMÉRICA IBIUNA LONG BIASED PREV FUNDO DE INVESTIMENTO MULTIMERCADO	29.091.970/0001-21	(b)
SULASEG	SUL AMÉRICA CONC FI MULTIMERCADO	28.516.239/0001-38	(b)
SULASEG	CONSTELLATION SULAMÉRICA PREV FI MULTIMERCADO	29.092.136/0001-50	(b)
SULASEG	SULAMÉRICA MULTICARTEIRA PREV I FICFI MULTIMERCADO	17.797.561/0001-66	(c)
SULASEG	GERAÇÃO FUTURO PROGRAMADO 49 PREVIDÊNCIA FICFI MULTIMERCADO	13.255.308/0001-20	(c)
SULASEG	SAS FUNDO DE INVESTIMENTO RENDA FIXA	03.182.384/0001-07	(a)
SULASEG	VISIA PREV FUNDO DE INVESTIMENTO RENDA FIXA	10.399.853/0001-00	(c)
SULASEG	TALER SULAMÉRICA PREV FI RENDA FIXA CRÉDITO PRIVADO	19.358.628/0001-91	(c)
SULASEG	ATSU PREV SULAMERICA FUNDO DE INVESTIMENTO MULTIMERCADO	28.516.138/0001-67	(b)
SULASEG	SAFARI SULAMERICA PREV FUNDO DE INVESTIMENTO EM COTAS DE FUNDO DE INVESTIMENTO MULTIMERCADO	28.516.168/0001-73	(b)

(a) Exclusive funds included in the consolidated financial statements as at the reporting dates December 31, 2018 and December 31, 2017;
(b) Exclusive funds included in the consolidated financial statements only as at the reporting date December 31, 2018; and
(c) Exclusive funds included in the consolidated financial statements only as at the reporting date December 31, 2017.
(*) This investment fund has as unitholders the companies SULASEG, SALIC, CIA. SAÚDE, SULAMED, SULAODONTO and SULACAP.
(**) This investment fund has as unitholders the companies SULAMED and SULACAP.
(***) This investment fund has as unitholders the companies SASA, SULASEG, SALIC, CIA. SAÚDE, SULAMED, SULAODONTO, SULACAP, SAMI, SAGA, SAEPAR, SANTA CRUZ and DOCWAY.

5. Risk management

The risk management process (Enterprise Risk Management – ERM) of SulAmérica has the purpose of supporting the attainment of the strategic goals of the organization. This procedure is based on the identification of potential events that may affect the profit or loss expected for the following periods and management of such risks evaluating their controls and ensuring appropriate capital to support the operations under unexpected scenarios, according to the risk appetite in effect.

The methodology developed for the enterprise risk management process uses as benchmark the best international practices, including the pronouncements issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the procedures defined in Solvency II. This process goes through integrated and continuous stages as follows:

- **Risk identification**

Risk identification and prioritization process that may affect the short-term or long-term profit or loss set;

- **Risk quantification**

The prioritized risks are quantified by means of specific modeling involving the likelihood of occurrence and their possible impacts;

- **Risk response**

According to the results of the quantification process and aligned with the risk appetite in effect, risk-response action plans are devised; and

- **Monitoring and reporting**

The information on each risk and respective risk-response action plans are monitored and managed by means of indicators and reports by the enterprise risk area, which reports to the Business Units, Risk Committee (CoR), Audit Committee, Risk Management and Board of Directors, according to a pre-established frequency or whenever deemed necessary.

Additionally, SulAmérica determines for each of its subsidiaries the sufficiency of the Adjusted Equity in relation to the regulatory capital monthly required by regulatory authorities. In order to complement this evaluation and according to the best risk management practices, SulAmérica has its own internal models to determine the economic capital for its main business lines and risk type, thus considering its own risk-based capital estimate regardless of the regulatory capital.

The guidelines and monitoring of the organization's ERM process are established by the Board of Directors, which is also responsible for defining the risk appetite of SulAmérica, aimed at setting limits for the risk assumption, taking into account its preferences, tolerances and limits.

The Risk Committee and the Enterprise Risk Division have the role of reporting to the Board of Directors and Audit and Risk Management Committee, within the frequency established by them, the outcomes and developments of the enterprise risk management program.

The Risk Manager has the duty to act as the focal point in all enterprise risk management-related actions in SulAmérica, besides being the link with the regulatory body, being responsible, among other activities, for monitoring and periodically reporting to the Risk Committee the risk profile and exposure levels of SulAmérica.

In 2018, the internal control area was created, SulAmérica's Risk Manager being responsible for it, with the duty to carry out continuous assessments, through effectiveness tests, to assure control existence and operation.

The risk management process is implemented by integrating the three lines of defense of the organization. This concept considers that the first management of each risk (1st line of defense) is initiated with risk takers, those who opt for avoiding or accepting the risk on a primary basis. After the first risk management, independent processes are implemented to monitor the internal controls established by the 1st line of defense and the management of the residual risks resulting from this process. This second risk management (2nd line of defense) thus provides feedback to the first management process setting out new conduct rules and new policies on risk assumption, and, with a holistic view, evaluates the solvency of the SulAmérica's companies. Finally, there is an independent verification carried out by the internal audit of the first and second risk management, in order to ensure that the all of the stages of the entire process were satisfactorily completed (3rd line of defense).

Employees in the first and second line of defense were chosen to act as multipliers of the ERM culture and focal points, strengthening the training agendas and risk management campaigns in SulAmérica.

The ERM process comprises all types of enterprise risks to which SulAmérica is exposed. SulAmérica developed its own risk dictionary to standardize the risk language throughout the organization with the following categories: strategic risks, underwriting risks, market risks, credit risks, operational risks, and legal risks.

The analyses and information contained in the following sections aim at briefly introducing the management process of each risk category, explaining how each of the categories impact SulAmérica's businesses and the procedures adopted for controlling and mitigating them.

5.1. Concentration of operations

Present throughout the national territory, SulAmérica shows more concentration in the Health segment and in the Southeastern region, consistently with the distribution and location of the economic hub of Brazil.

As at December 31, 2018, SulAmérica recorded a total revenue gross of taxes amounting to R$20,701,267 (R$18,370,078 in 2017), distributed in the following business lines:

	Consolidated			
	2018		2017	
Operating revenue	**Revenue**	**%**	**Revenue**	**%**
Health	15,763,904	76.15%	13,870,932	75.52%
Property and casualty	3,636,740	17.57%	3,325,258	18.10%
Life	496,007	2.40%	433,119	2.36%
Private pension	636,120	3.07%	571,866	3.11%
Saving bonds	45,971	0.22%	48,293	0.26%
ASO	66,516	0.32%	74,294	0.40%
Asset management	56,009	0.27%	46,316	0.25%
Total	**20,701,267**	**100.00%**	**18,370,078**	**100.00%**

The following table shows the regional distribution of such revenue:

	Consolidated				
	2018				
Region	**Health**	**Property and Casualty**	**Life and private pension**	**Saving Bonds**	**Other**
Southeast	80.75%	61.33%	63.63%	61.91%	63.35%
South	2.93%	19.31%	21.16%	22.50%	19.48%
Northeast	12.08%	11.93%	9.15%	5.98%	12.70%
North	1.10%	2.13%	2.11%	1.31%	1.38%
Midwest	3.14%	5.30%	3.95%	8.30%	3.09%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

	Consolidated				
	2017				
Region	**Health**	**Property and Casualty**	**Life and private pension**	**Saving Bonds**	**Other**
Southeast	80.70%	62.47%	63.90%	67.85%	63.07%
South	3.07%	18.70%	21.56%	18.88%	20.02%
Northeast	12.28%	11.70%	9.10%	5.46%	12.93%
North	0.92%	1.87%	1.98%	0.40%	1.86%
Midwest	3.03%	5.26%	3.46%	7.41%	2.12%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**	**100.00%**

5.2. Underwriting risks

Underwriting risks arise from deviations in the assumptions adopted for pricing or recognition of technical reserves.

In SulAmérica, such risks may be materialized in different ways, depending on the business line.

In Health businesses, particularly for the individual segment in which the premium adjustments are authorized by the ANS, the risks arising from pricing may be posed by the premium adjustments authorized by the regulatory body that are insufficient, or that do not reflect the initial plan pricing expectation.

For the other Health products, as well as property and casualty lines, SulAmérica has greater flexibility in managing the adjustments of its contracts.

Life and Private Pension Products have their pricing risks and reserve associated with mortality/life expectancies of plan participants at the time they are contracted.

In the Savings Bonds products marketed by SulAmérica, the underwriting risk arises from the likelihood of loss associated with the sales of draw series.

To SulAmérica's Investment business lines, there is no underwriting risk involved in the operation.

Besides the pricing risks mentioned above, there is the risk of inadequacy of the recognized technical reserves, which may be materialized in any of the business lines of SulAmérica. The Company conducts periodic tests of consistency to make the evaluation of the assertiveness of the recognized reserves and the adopted calculation methodologies.

5.2.1. Pricing risks

Nowadays, SulAmérica has specific pricing actuarial models for each of its products, providing accuracy in determining the prices for each customer in view of the estimated contractual commitments and expenses employed in the marketing and management of contracts.

In order to promote a set of viability analyses and support decision-making on the investments in products and partnerships based on risk, SulAmérica has the Procedure for Evaluation and Review of Products (PARP), which is also applied to the periodical follow-up of SulAmérica's products.

PARP is a multidisciplinary procedure in which the support and business areas contribute with their respective technical knowledge, by issuing opinions on this viability analysis, supporting the decision in relation to an initiative, which could be the launch or change of products, new partnerships and large estimates. They contribute by issuing opinions to the actuarial, internal audit, commercial, compliance, accounting, finance, enterprise risk management, legal, operations, strategic planning, sustainability, information technology, and customer view areas.

Additionally, SulAmérica relies on specific actions in each business line aimed at mitigating underwriting risks and continuous improvement in the selection of the portfolio of its insureds. Among these actions, the following is worth noting: bonus programs, specialized service centers for claims, cost-efficiency processes, preventative pre-payment audits, optimization of the service providers network, active health (*"saúde ativa")* programs, and detailed inspections in policy underwriting.

For insurance with higher individual risks and portfolios with lower forecasting capacity or exposed to catastrophes, SulAmérica uses reinsurance contracts, mitigating the risk of big unexpected losses on contracts and transferring such risks to reinsurers, assuming, in the face of it, the credit risks of such partners. The purchase of reinsurance follows a specific policy established by the CoR.

One of the ways to measure possible impacts on profit or loss and equity, arising from underwriting risks, is the sensitivity analysis of the variables that may be affected by the products underwriting process, inadequacy of prices or even insufficiency of technical reserves.

The following sensitivity analyses simulate the possible impacts on the profit or loss and equity, from changes in operational parameters before and after the purchase of reinsurance.

Sensitivity analysis of Health, Property and Casualty and Life and Private Pension lines

	Consolidated											
	2018											
	Health				Property and casuality				Life and private pension			
	With reinsurance effect		Without reinsurance effect		With reinsurance effect		Without reinsurance effect		With reinsurance effect		Without reinsurance effect	
Assumptions	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity
5% increase in claims	(622,154)	(342,185)	(622,154)	(342,185)	(103,904)	(57,147)	(104,110)	(57,261)	(10,661)	(5,864)	(11,203)	(6,162)
5% increase in administrative expenses	(49,088)	(26,998)	(49,088)	(26,998)	(26,086)	(14,347)	(26,086)	(14,347)	(3,203)	(1,761)	(3,203)	(1,761)
5% increase in acquisition costs	(49,418)	(27,180)	(49,418)	(27,180)	(37,165)	(20,441)	(37,165)	(20,441)	(7,586)	(4,172)	(7,586)	(4,172)
5% decrease in claims	622,154	342,185	622,154	342,185	103,904	57,147	104,110	57,261	10,661	5,864	11,203	6,162
5% decrease in administrative expenses	49,088	26,998	49,088	26,998	26,086	14,347	26,086	14,347	3,203	1,761	3,203	1,761
5% decrease in acquisition costs	49,418	27,180	49,418	27,180	37,165	20,441	37,165	20,441	7,586	4,172	7,586	4,172

	Consolidated											
	2017											
	Health				Property and casuality				Life and private pension			
	With reinsurance effect		Without reinsurance effect		With reinsurance effect		Without reinsurance effect		With reinsurance effect		Without reinsurance effect	
Assumptions	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity	Income before tax	Income after tax & impact on equity
5% increase in claims	(550,062)	(302,534)	(550,062)	(302,534)	(106,731)	(58,702)	(107,256)	(58,991)	(9,953)	(5,474)	(10,590)	(5,824)
5% increase in administrative expenses	(43,937)	(24,165)	(43,937)	(24,165)	(28,060)	(15,433)	(28,060)	(15,433)	(2,921)	(1,606)	(2,921)	(1,606)
5% increase in acquisition costs	(43,801)	(24,091)	(43,801)	(24,091)	(37,855)	(20,820)	(37,855)	(20,820)	(7,058)	(3,882)	(7,058)	(3,882)
5% decrease in claims	550,062	302,534	550,062	302,534	106,731	58,702	107,256	58,991	9,953	5,474	10,590	5,824
5% decrease in administrative expenses	43,937	24,165	43,937	24,165	28,060	15,433	28,060	15,433	2,921	1,606	2,921	1,606
5% decrease in acquisition costs	43,801	24,091	43,801	24,091	37,855	20,820	37,855	20,820	7,058	3,882	7,058	3,882

The shocks of 5% mentioned in the table are determined by the total amount of the assumption multiplied by the factor of 1.05 (in cases of increase) or 0.95 (in cases of decrease).

Sensitivity analysis of the private pension line

Different from the sensitivity analysis of the health, property and casualty, and life and private pension lines, for the private pension businesses, the analysis reflects the impact on the flow of expected liabilities and modified according to the assumptions shown in the tables below:

	Consolidated	
	2018	
Assumptions	**Income before tax**	**Income after tax & impact on equity**
5% increase in administrative expenses	(1,617)	(889)
5% increase in redemptions	1,134	624
5% increase in mortality	10,508	5,779
Increase by 5% in the conversion into income	(2,238)	(1,231)
5% increase in rescission	364	200
5% decrease in administrative expenses	1,617	889
5% decrease in redemptions	(1,176)	(647)
5% decrease in mortality	(11,040)	(6,072)
Decrease by 5% in the conversion into income	2,238	1,231
5% decrease in rescission	(381)	(209)

The shocks of 5% mentioned in the table are determined by the total amount of the assumption multiplied by the factor of 1.05 (in cases of increase) or 0.95 (in cases of decrease). Their impacts are evaluated in the present value of future flows.

	Consolidated	
	2017	
Assumptions	**Income before tax**	**Income after tax & impact on equity**
5% increase in administrative expenses	(1,451)	(798)
5% increase in redemptions	1,056	581
5% increase in mortality	10,654	5,860
Increase by 5% in the conversion into income	(2,271)	(1,249)
5% increase in rescission	325	179
5% decrease in administrative expenses	1,451	798
5% decrease in redemptions	(1,093)	(601)
5% decrease in mortality	(11,149)	(6,132)
Decrease by 5% in the conversion into income	2,271	1,249
5% decrease in rescission	(339)	(187)

The shocks of 5% mentioned in the table are determined by the total amount of the assumption multiplied by the factor of 1.05 (in cases of increase) or 0.95 (in cases of decrease). Their impacts are evaluated in the present value of future flows.

The analysis demonstrated above reflects that the scenarios of impacts from the considered factors did not show significant change in relation to the previous year.

5.2.2. Risks of inadequacy of technical reserves

The management of the recognized technical reserves is a continuous process coordinated by the corporate actuarial department by means of specific and internationally-renowned methodologies, adjusted to the characteristics of each product, customer behavior and administrative and legal claims adjustment processes.

To manage the risks involved in this process, SulAmérica relies on several techniques aimed at revising assumptions and calculation procedures that may lead to failures in the decision-making process, among which the following should be highlighted:

- Tests of consistency of the methodologies for recognizing reserves; and
- Prospective evaluation regarding the adequacy of technical reserves.

The development of the recorded reserves for claims is shown in the following table, where it is noted the change, through the reporting date of the accompanying financial statements, in claims incurred in relation to the respective reserve recorded in previous years.

The top of the table shows the development of the reserve over the years following the reserve recognition. The bottom of the table shows the segregation of the updated claim amounts between payments and cases still pending.

Administrative

									Consolidated	
										In millions of R$
Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Recognized claims reserve	**1,443,79**	**1,433,20**	**1,696,24**	**1,748,81**	**2,058,24**	**2,386,44**	**2,467,10**	**2,515,57**	**2,769,65**	**3,037,53**
Effect of financial discount	**(37,40)**	**(35,37)**	**(43,47)**	**(32,89)**	**(39,82)**	**(46,93)**	**(39,85)**	**(40,97)**	**(39,19)**	**(45,76)**
Claims reserve without financial discount	**1,481,18**	**1,468,57**	**1,739,71**	**1,781,70**	**2,098,06**	**2,433,37**	**2,506,95**	**2,556,54**	**2,808,84**	**3,083,29**
Cumulative estimate for claims:										
At the end of the year	1,481,18	1,468,57	1,739,71	1,781,70	2,098,06	2,433,37	2,506,95	2,556,54	2,808,84	3,083,96
After one year	1,532,52	1,574,90	1,712,61	1,893,13	2,200,30	2,443,52	2,479,24	2,595,46	2,867,31	-
After two years	1,565,17	1,557,50	1,802,40	1,932,03	2,205,76	2,478,10	2,485,09	2,613,14	-	-
After three years	1,553,03	1,569,10	1,810,30	1,953,11	2,267,41	2,504,43	2,502,54	-	-	-
After four years	1,561,14	1,570,27	1,806,62	1,978,80	2,288,34	2,524,30	-	-	-	-
After five years	1,564,91	1,583,72	1,853,44	2,000,13	2,306,38	-	-	-	-	-
After six years	1,576,07	1,632,92	1,875,74	2,012,18	-	-	-	-	-	-
After seven years	1,580,21	1,654,43	1,880,47	-	-	-	-	-	-	-
After eight years	1,602,47	1,658,34	-	-	-	-	-	-	-	-
After nine years	1,604,68	-	-	-	-	-	-	-	-	-
Cumulative estimate for claims through 2018	**1,604,68**	**1,658,34**	**1,880,47**	**2,012,18**	**2,306,38**	**2,524,30**	**2,502,54**	**2,613,14**	**2,867,31**	**3,083,96**
Cumulative payments through 2018	**1,595,09**	**1,647,54**	**1,868,34**	**1,998,68**	**2,291,48**	**2,505,69**	**2,478,25**	**2,560,75**	**2,687,51**	**-**
Liability recognized in 2018	**9,59**	**10,80**	**12,13**	**13,50**	**14,90**	**18,61**	**24,29**	**52,39**	**179,80**	**3,083,96**

As at December 31, 2018, the development in administrative claims basically does not consider R$15.0 million (R$14.1 million in 2017) of ULAE, R$0.2 million (R$0.2 million in 2017) in individual life claims, R$11.2 million (R$12.7 million in 2017) in retrocession, and R$3.0 million (R$1.3 million in 2017) in reserve for cash refund annuity, pensions and disability income related to pension. These items are not segregated by incurrence, and, therefore, it is not possible to follow-up the development of claims. However, these amounts have small significance in the total universe of claims, as shown in the above table.

Legal

The development of the recorded reserves for claims is shown in the following table, where it is noted the development, through the reporting date of the accompanying financial statements, of such claims in relation to the respective reserve recorded in previous years.

The top of the table shows the development of the reserve over the years following the reserve recognition. The bottom of the table shows the segregation of the updated claim amounts between payments and cases still pending.

	Consolidated									In millions of R$
Year	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**
Recognized claims reserve	**400,73**	**593,64**	**545,38**	**453,64**	**485,98**	**498,70**	**313,69**	**354,06**	**373,98**	**446,97**
Claims reserve without financial discount	**400,73**	**593,64**	**545,38**	**453,64**	**485,98**	**498,70**	**313,69**	**354,06**	**373,98**	**446,97**
Cumulative estimate for claims:										
At the end of the year	400,73	593,64	545,38	453,64	485,98	498,70	313,69	354,06	373,98	446,97
After one year	576,88	589,48	501,50	498,51	524,55	571,50	405,28	413,07	474,84	-
After two years	614,43	561,50	558,17	540,30	584,97	659,84	457,09	496,40	-	-
After three years	584,33	602,25	598,49	582,24	637,71	703,97	522,97	-	-	-
After four years	618,37	633,05	638,49	639,02	681,93	769,88	-	-	-	-
After five years	649,48	665,70	706,16	676,22	730,13	-	-	-	-	-
After six years	670,38	722,00	738,92	718,67	-	-	-	-	-	-
After seven years	724,36	748,90	773,47	-	-	-	-	-	-	-
After eight years	749,48	768,61	-	-	-	-	-	-	-	-
After nine years	766,74	-	-	-	-	-	-	-	-	-
Cumulative estimate for claims through 2018	**766,74**	**768,61**	**773,47**	**718,67**	**730,13**	**769,88**	**522,97**	**496,40**	**474,84**	**446,97**
Cumulative payments through 2018	**527,23**	**511,34**	**489,32**	**422,04**	**386,43**	**391,93**	**271,11**	**191,21**	**104,78**	**-**
Liability recognized in 2018	**239,51**	**257,27**	**284,15**	**296,63**	**343,70**	**377,95**	**251,86**	**305,19**	**370,06**	**446,97**

The development of legal claims represents the claims already known and pending payment; for this reason it does not consider R$116.2 million as at December 31, 2018 (R$103.3 million in 2017) of IBNR for Lawsuit. It is worth noting that part of the noted development contemplates adjustment for inflation and interests from the date the reserve is recorded through the reporting date of the accompanying financial statements.

5.3. Market risks

Market risks arise from the possibility of occurring losses arising from macroeconomic fluctuations that may impact the value of the assets or liabilities of the organization in different ways.

The management of SulAmérica's investments is performed by means of a specific policy approved by the Investment Committee. This policy establishes the strategic guidelines that should be observed in financial asset management, including limits, restrictions and diversification rules aiming at an allocation that provides an appropriate profitability volume and ensures SulAmérica's capacity to fulfill its obligations. This policy contains provisions that establish some criteria that the management of each portfolio should consider, among which are:

- Profitability targets;
- Risk limits;
- Maximum terms for asset allocation; and
- Required minimum liquidity.

Such policy gives priority to making decisions on the investment of funds based on Asset and Liability Management studies, considering the particularities of each commitment assumed under the contracts, as well as the expectations on the timing of settlement and possibility of variation in the indemnifiable amounts in view of the changes in the macroeconomic environment. The ALM process is performed together with the Enterprise Risks, Actuarial and Financial Management areas, and is monitored by the CoR.

Permanently, the Investment Committee follows-up the allocation and performance of assets based on its strategies, including the ALM portfolio, in order to enable periodical review and rebalancing.

On a daily basis and according to the Investments Policy, the Value at Risk (VaR) is determined and stress tests are performed in the investments portfolio to observe whether the adopted strategy is within the market risk appetite set. The VaR limits and stress tests are annually reviewed and defined according to the risk appetite of SulAmérica. The results obtained for the VaR period and stress test are shown in Note 8.3.

The following table shows the breakdown of investments per index as at December 31, 2018 and 2017:

Allocation of investments by index (a)

	Consolidated	
Index	**2018**	**2017**
SELIC/CDI	8,295,191	7,679,057
IGPM	1,226,632	1,138,429
IPCA	598,615	790,357
Fixed rate	896,447	538,960
Stock	77,060	65,383
Other (b)	65,979	58,220
Total	**11,159,924**	**10,270,406**

(a) The amounts related to the PGBL and VGBL pension plan operations in the benefit accumulation period amounting to R$5.7 billion (R$4.9 billion in 2017) are not included in the table, because the market risk corresponding to these investments is taken by the participants. Nor was taken into account the amount of R$34.2 million as at December 31, 2018 (R$26.4 million in 2017) related to the PGBL and VGBL pension plan operations in benefit grant period because the market risk corresponding to this portion was considered immaterial.

(b) The "Other" category, shown in December 31, 2018 and 2017 basically comprises multimarket and real estate investment funds, which include fixed and equity securities and foreign exchange exposure.

5.3.1. Residual exposure

The residual exposure reflects the mismatch between assets and liabilities after the ALM studies, which are designed to optimize the allocation of financial assets, taking into account the characteristics of liabilities (such as volume, index, maturity, interest rate, among others), aiming at matching flows to reduce market risk.

The following table shows the residual exposure, in module, to exchange rate, equity investment and inflation risk.

	Consolidated	
Exposure to foreign exchange risk, equity securities and inflation (a)	**2018**	**2017**
Dollar (b)	85,753	77,149
Equity investments	77,060	65,383
Indexed for inflation	53,180	204,260

(a) The amounts related to PGBL and VGBL pension plan operations are not included in the table, because the market risk corresponding to these investments is taken by the participants.

(b) The amounts do not include special legal claims (non-ordinary), denominated in foreign currency, whose likelihood of favorable outcome is considered "possible", which are not provisioned according to standard provisions. As at December 31, 2018, the amount of these claims is R$48,292 (R$39,663 in 2017) and the corresponding reinsurance is R$46,955 (R$38,564 in 2017), which represents a residual risk of R$1,337 (R$1,098 in 2017).

The sensitivity of the residual risk in profit or loss, calculated using the Value at Risk (VaR) methodology, was R$237 (R$327 in 2017). This calculation does not apply to the Company, only to the consolidated balance.

5.3.2. Liquidity risks

Liquidity risks arise from the possibility of lack of readily available funds to timely fulfill the commitments taken in view of the mismatch between the payment and receipt flows.

SulAmérica's Investments Policy provides for minimum amounts that shall be invested in high-liquidity assets to mitigate the risk of non-payment of claims and benefits.

Cash projections and stress tests are performed on a daily basis to detect in advance any abnormal situation, with a daily control over liquidity risk.

The following tables show the expectations on maturities and payments of the main financial assets and liabilities and insurance, except those related to the PGBL and VGBL plans, where the exposure is of the participant in the benefit accumulation phase, and the volume of the benefit grant phase was considered immaterial.

								Company 2018	
Description	**Without maturity**	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**From 5 to 10 years**	**Cost value**	**Fair value**	**Gain or (loss)**	**Carrying amount**
Financial instruments									
Marketable securities	**2,307**	**17,570**	**2,439**	**36,791**	**98,065**	**157,172**	**157,151**	**(21)**	**157,151**
At Fair value through profit or loss	2,307	17,570	2,439	36,791	98,065	157,172	157,151	(21)	157,151
Loans and financing (b)	**-**	**517,237**	**242,067**	**985,982**	**-**	**1,745,286**	**-**	**-**	**1,465,708**
Loans and financing	-	517,237	242,067	985,982	-	1,745,286	-	-	1,465,708

								Company 2017	
Description	**Without maturity**	**Up to 1 year**	**From 1 to 2 years**	**From 2 to 5 years**	**From 5 to 10 years**	**Cost value**	**Fair value**	**Gain or (loss)**	**Carrying amount**
Financial instruments									
Marketable securities	**2,308**	**61,717**	**-**	**249,641**	**199,094**	**512,760**	**512,768**	**8**	**512,768**
At Fair value through profit or loss	2,308	61,717	-	249,641	199,094	512,760	512,768	8	512,768
Loans and financing (b)	**-**	**397,585**	**542,739**	**1,094,215**	**-**	**2,034,539**	**-**	**-**	**1,581,442**
Loans and financing	-	397,585	542,739	1,094,215	-	2,034,539	-	-	1,581,442

The amount raised by the Company's issues is used in the operating activities of its subsidiaries, which later on transfer their profits to the Company through dividends and interest on capital.

Description	Without maturity	Up to 1 year	From 1 to 2 years	From 2 to 5 years	From 5 to 10 years	Over 10 years	Cost value	Fair value	Gain or (loss)	Others	Carrying amount
											Consolidated 2018
Financial instruments											
Cash equivalents	**-**	**271,990**	**-**	**-**	**-**	**-**	**271,990**	**271,990**	**-**	**-**	**271,990**
Marketable securities	**821,975**	**254,721**	**1,818,568**	**5,727,347**	**1,014,147**	**1,083,217**	**10,719,975**	**11,064,553**	**344,578**	**-**	**10,790,085**
At Fair value through profit or loss	821,975	98,005	264,514	1,278,979	475,773	-	2,939,246	2,954,327	15,081	-	2,954,327
Available for sale	-	156,716	1,554,054	4,140,803	530,552	106,200	6,488,325	6,543,354	55,029	-	6,543,354
Held to maturity	-	-	-	307,565	7,822	977,017	1,292,404	1,566,872	274,468	-	1,292,404
Premiums receivable (a)	**-**	**1,066,316**	**-**	**-**	**-**	**-**	**1,066,316**	**-**	**-**	**-**	**1,066,316**
Saving bonds (a)	**-**	**7,808**	**-**	**-**	**-**	**-**	**7,808**	**-**	**-**	**-**	**7,808**
ASO receivables (a)	**-**	**248,418**	**-**	**-**	**-**	**-**	**248,418**	**-**	**-**	**-**	**248,418**
Loans and financing (b)	**-**	**517,237**	**242,067**	**985,982**	**-**	**-**	**1,745,286**	**-**	**-**	**-**	**1,470,935**
Loans and financing	-	517,237	242,067	985,982	-	-	1,745,286	-	-	-	1,470,935
Tax refinance - REFIS	**-**	**33,628**	**6,408**	**15,383**	**2,658**	**-**	**58,077**	**-**	**-**	**-**	**58,077**
Saving bonds provisions	**-**	**662,022**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**662,022**
Managed health	**2,617**	**244,991**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**247,608**
Insurance and reinsurance	**-**	**5,872,650**	**77,091**	**307,395**	**429,509**	**534,604**	**-**	**-**	**-**	**197,868**	**7,419,117**
Technical reserves											
Reinsurance assets	-	27,212	689	1,994	2,004	1,283	-	-	-	-	33,182
Insurance and private pension liabilities (c)	-	5,899,862	77,780	309,389	431,513	535,887	-	-	-	197,868	7,452,299

Description	Without maturity	Up to 1 year	From 1 to 2 years	From 2 to 5 years	From 5 to 10 years	Over 10 years	Cost value	Fair value	Gain or (loss)	Others	Carrying amount
											Consolidated 2017
Financial instruments											
Cash equivalents	**-**	**420,065**	**-**	**-**	**-**	**-**	**420,065**	**420,065**	**-**	**-**	**420,065**
Marketable securities	**927,512**	**1,069,689**	**292,002**	**5,940,474**	**628,779**	**953,905**	**9,812,361**	**10,053,318**	**240,957**	**-**	**9,851,088**
At Fair value through profit or loss	927,232	67,955	38,784	1,060,905	255,721	347	2,350,944	2,352,520	1,576	-	2,352,520
Available for sale	280	1,001,734	253,218	4,599,647	365,529	39,218	6,259,626	6,296,777	37,151	-	6,296,777
Held to maturity	-	-	-	279,922	7,529	914,340	1,201,791	1,404,021	202,230	-	1,201,791
Premiums receivable (a)	**-**	**1,000,150**	**-**	**-**	**-**	**-**	**1,000,150**	**-**	**-**	**-**	**1,000,150**
Saving bonds (a)	**-**	**13,535**	**-**	**-**	**-**	**-**	**13,535**	**-**	**-**	**-**	**13,535**
ASO receivables (a)	**-**	**225,103**	**-**	**-**	**-**	**-**	**225,103**	**-**	**-**	**-**	**225,103**
Loans and financing (b)	**-**	**397,585**	**542,739**	**1,094,215**	**-**	**-**	**2,034,539**	**-**	**-**	**-**	**1,584,533**
Loans and financing	-	397,585	542,739	1,094,215	-	-	2,034,539	-	-	-	1,584,533
Tax refinance - REFIS	**-**	**34,217**	**6,272**	**18,382**	**5,654**	**-**	**64,525**	**-**	**-**	**-**	**64,525**
Saving bonds provisions	**-**	**624,900**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**624,900**
Managed health	**1,991**	**217,582**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**219,573**
Insurance and reinsurance	**-**	**5,425,204**	**90,991**	**257,255**	**368,962**	**515,147**	**-**	**-**	**-**	**158,124**	**6,815,683**
Technical reserves											
Reinsurance assets	-	16,910	594	1,577	2,076	1,460	-	-	-	-	22,617
Insurance and private pension liabilities (c)	-	5,442,114	91,585	258,832	371,038	516,607	-	-	-	158,124	6,838,300

(a) Considers premium, savings bonds, and consideration falling due, net of impairment, when applicable;
(b) Loans and financing are stated at contractual amounts not discounted, as required in item 39 (a) of CPC 40 (R1); and
(c) The column "Other" mainly comprises the following items: R$197,868 of other technical reserves as at December 31, 2018 (R$158,124 in 2017).

The maturity date of assets was the criterion used for classifying the financial instruments presented in this item. However, although the distribution is among several ranges in the table, the portfolio comprises assets with immediate liquidity. As at December 31, 2018 the amount of R$6.2 billion (R$5.5 billion in 2017) is allocated to Financial Treasury Bills.

5.3.3. Loans and financing

The sensitivity analysis of the Company's loans and financing balance is presented in the tables below, considering possible fluctuations in market rates (SELIC/CDI and IPCA), and the respective impacts. For assets, it was considered the total Cash and Cash Equivalents (Note 7), besides the Marketable Securities (Note 8), net of the assets provided to cover Technical Reserves (Note 19.6).

The scenario considered "probable" is the current one. The "possible" and "remote" scenarios were created by applying changes ranging from 25% to 50% in the market rates, respectively, on the current balances, taking into consideration the expected scenario of B3's future rates. Such scenarios correspond to minimum changes to be estimated, set in the CVM's rules.

Increase in market rates

	Probable scenario	Possible scenario	Remote scenario	Probable scenario	Possible scenario	Remote scenario
			2018			Company 2017
Assets (a)	-	2,742	5,484	-	9,179	18,358
Liabilities and equity (b)	-	(24,070)	(48,139)	-	(25,277)	(50,555)
Total	**-**	**(21,328)**	**(42,655)**	**-**	**(16,098)**	**(32,197)**

	Probable scenario	Possible scenario	Remote scenario	Probable scenario	Possible scenario	Remote scenario
			2018			Consolidated 2017
Assets (a)	-	75,647	151,293	-	73,822	147,645
Liabilities and equity (b)	-	(24,070)	(48,139)	-	(25,277)	(50,555)
Total	**-**	**51,577**	**103,154**	**-**	**48,545**	**97,090**

(a) Change in total investments linked to the SELIC/CDI; and
(b) Change in the balance of Loans and Financing, except leasing (Note 16).

Drop in market rates

	Company					
	2018			2017		
	Probable scenario	Possible scenario	Remote scenario	Probable scenario	Possible scenario	Remote scenario
Assets (a)	-	(2,742)	(5,484)	-	(9,179)	(18,358)
Liabilities and equity (b)	-	24,070	48,139	-	25,277	50,555
Total	**-**	**21,328**	**42,655**	**-**	**16,098**	**32,197**

	Consolidated					
	2018			2017		
	Probable scenario	Possible scenario	Remote scenario	Probable scenario	Possible scenario	Remote scenario
Assets (a)	-	(75,647)	(151,293)	-	(73,822)	(147,645)
Liabilities and equity (b)	-	24,070	48,139	-	25,277	50,555
Total	**-**	**(51,577)**	**(103,154)**	**-**	**(48,545)**	**(97,090)**

(a) Change in total investments linked to the SELIC/CDI; and
(b) Change in the balance of Loans and Financing, except leasing (Note 16).

5.4. Credit risks

Credit risks are related to the possibility of debtors failing to fulfill a contract or failing to fulfill them under the terms upon which they were agreed.

These risks could be materialized and significantly affect the expected profit or loss, in case the credit issuers do not fulfill the payments on the expected dates or the reinsurers with whom SulAmérica operates are in breach of the contracts regarding the payments of reinsured claims.

In relation to the monitoring of default of its insureds and business partners, SulAmérica performs the impairment of premiums receivable according to the best practices and current legislation (see additional information in Note 9).

5.4.1. Allocation of investments

The following table shows the breakdown of investments by risk rating, except for the investments related to PGBL and VGBL. As at December 31, 2018 87.77% (89.36% in 2017) are allocated to government securities (sovereign risk) or assets with the lowest possible risk (AAA grade of the table), according to best market practices.

	Consolidated	
Description	**2018**	**2017**
Fixed income securities - government	**9,263,760**	**8,733,775**
Sovereign risk	9,263,760	8,733,775
Fixed income securities - private (a)	**976,341**	**940,512**
AAA	530,839	443,574
AA+ to AA-	445,502	451,966
A+ to A-	-	44,311
B	-	661
Other	**919,823**	**596,119**
Non-exclusive investment fund (b)	821,718	596,466
Other	98,105	(347)
Total	**11,159,924**	**10,270,406**

(a) AAA refers to the category with the lowest risk, whereas B refers to the category with the highest risk.
(b) Non-exclusive investment funds containing government and private securities, stocks and other alternative investments, without directly assigned rating. The allocations to non-exclusive investment funds are subject to the restrictions of SulAmérica's Investment Policy, which establishes the allocation to assets with low credit risk.

5.4.2. Reinsurance contracts

For purchasing reinsurance, SulAmérica has specific policy approved by the Risk Committee and monitored by the Enterprise Risk Management area, which establishes an effective flow for purchasing, based on the final approvals of the CoR. As requirements, the policy encompasses criteria for broker qualification, setting credit risk limits, concentration limits and minimum terms to be observed in the reinsurance purchase flows.

Besides the requirements established by the prevailing legislation for placing reinsurance risks, aimed at internally controlling the exposure to credit risk, SulAmérica sets credit exposure limits based on the risk rating of each reinsurer, thus managing the credit risk in reinsurance contracts.

The following tables show the reinsurance exposure by business line, reinsurer class, and risk rating, and do not include R$49,046 (R$40,247 in 2017) in exposure with reinsurers related to non-ordinary legal claims (special lawsuits) which, as the likelihood of favorable outcome in such legal claims is considered possible, was not recorded.

	Consolidated	
Type	**2018**	**2017**
Property and casualty	22,990	20,147
Life and private pension	29,758	12,590
Total	**52,748**	**32,737**

		Consolidated			
		2018		2017	
Type	**Rating**	**Exposure**	**%**	**Exposure**	**%**
Local	Level 1	12,624	23.93%	4,319	13.19%
Local	Level 2	21,731	41.20%	17,188	52.50%
Local	Level 3	204	0.39%	1,081	3.30%
Local	Level 4	-	-	41	0.13%
Admitted	Level 1	10,116	19.18%	4,395	13.43%
Admitted	Level 2	7,638	14.48%	5,308	16.21%
Eventual	Level 2	435	0.82%	405	1.24%
Total		**52,748**	**100.00%**	**32,737**	**100.00%**

The breakdown of this exposure by risk rating changed in relation to the previous period because of the changes in the internal risk-rating methodology of reinsurers.

Level 1 refers to the category with the lowest risk, whereas Level 5 refers to the category with the highest risk.

Local reinsurer
Reinsurer headquartered in Brazil, organized as a corporation, whose sole objective is to carry out reinsurance and retrocession operations;

Admitted reinsurer
Reinsurance company headquartered abroad with a representative office in Brazil that meets the provisions of the prevailing legislation, applicable to reinsurance and retrocession operations, and has been registered as such with SUSEP to carry out reinsurance and retrocession operations; and

Eventual reinsurer
Foreign reinsurance company headquartered abroad without a representative office in Brazil that meets the provisions of the prevailing legislation, applicable to reinsurance and retrocession operations, and has been registered as such with the Superintendence of Private Insurance (SUSEP) to carry out reinsurance and retrocession operations.

5.5. Operational risks

Operational risk is defined as the likelihood of losses resulting from failure, deficiency or inadequacy of internal processes, personnel and systems, or external events that may cause damages to SulAmérica.

The management of operational risk is a continuous improvement process, in order to follow-up the development of the business dynamics and minimize the existence of gaps that may compromise the quality of operations.

In this sense, SulAmérica's Ombuds Service plays an important role in pursuing operational excellence. It comprises the second line of defense, contributing towards getting closer to customers, examining facts, realigning strategies and creating solutions so that the customer experience is positive.

The operational risk management is performed in line with the ERM process of SulAmérica focused on risk identification, evaluation and control, and the response to the risks that breach the risk appetite set by the Board of Directors.

In 2018, the Internal Control area was created to support the ERM process when running tests for adherence on the controls related to operational risks.

The process for identifying operational risks and their related controls is carried out by mapping the organizational processes. The identified risks are quantified by adopting a specific methodology, and the material and relevant controls are tested for effectiveness, and may generate action plans in the cases deemed necessary.

The adopted methodology aims at measuring the exposure to operational risks before mitigating actions (inherent risk) and after mitigating actions (residual risk), taking into account the frequency, severity and mitigating actions of identified risks.

5.6. Legal and compliance risks

5.6.1. Legal risk management

With a corporative perspective, the legal department of the organization together with its service providers review all contracts signed by SulAmérica in order to mitigate the legal risk of contracts, in addition to providing feedback on lawsuits involving the organization. The legal area also contributes to projects for improving management of legal claims in addition to suggestions on how to avoid legal risks in our operations.

Additionally, the actuarial area uses a specific methodology of payment history for calculating the legal provision based on the past relation observed between the cost of the lawsuit settled and the estimates of attorneys for the amount payable if we received an unfavorable outcome (risk exposure). This methodology is aimed at covering the costs of lawsuits in which SulAmérica is a defendant or accused from the recording date of the lawsuit in SulAmérica's system until the effective payment.

The change in the provisions for lawsuits is shown in item 5.2.2.

5.6.2. Compliance risk management

SulAmérica has a compliance framework, in order to adjust its activities to the provisions of the regulatory and inspection bodies, through high standards of integrity and ethics excellence and adherence to the foreign legislation and internal standards.

The objective of this framework is to maintain impartiality in the compliance risk management and monitoring, contributing to the compliance with laws and regulations applicable to the business, by raising awareness about a business conduct that is legal, ethic and transparent, which favors the interests of employees, customers, shareholders and partners, prevents and detects breaches of laws and regulations by identifying and managing compliance risk, and facilitates the defense of positions related to the organization's compliance before regulatory bodies.

5.7. Capital management

SulAmérica monthly determines, for each subsidiary, the sufficiency of the Adjusted Equity (PLA) in relation to the required regulatory capital. During 2017 and 2016, the PLA of subsidiaries were always sufficient in relation to the minimum capital required by the regulatory authorities.

Additionally, SulAmérica has its own internal models for determining the economic capital for the main business lines and risk, thus observing its own risk-based capital estimate regardless of the regulatory capital. By means of these internal models, metrics of return on capital to assist in business performance management are obtained.

6. Derivative financial instruments

6.1. Hedge

All transactions related to these instruments are traded and registered with the B3 or organized over-the-counter market. In subsidiaries that have insurance and private pension operations, the maintenance of derivative financial instruments, which can be held through exclusive investment funds, has the sole purpose of hedging the foreign exchange and interest rate fluctuations. In the case of exclusive funds of PGBL and VGBL plans, in addition to interest rate futures contracts, SULASEG also uses Bovespa Index and dollar futures contracts, in compliance with the investment policy of such funds. The gains and losses arising from these futures contracts do not produce any impact on the profit or loss or equity of such subsidiary, because they are reflected at equal amount in the technical reserves for private pensions.

The criterion for determining the fair value of derivative financial instruments is the discounted cash flow method using the rates released by B3.

6.2. Summary chart of exposure to derivative financial instruments

The derivative financial instruments reflected in these financial statements are measured at fair value through profit or loss. They are segregated between derivative financial instruments, which exposure is of SulAmérica, and derivative financial instruments of PGBL and VGBL contracts, which exposure is of the participant.

SulAmérica's exposure (except for PGBL and VGBL)

								Consolidated	
		Notional amount		Fair value		Amount receivable / received		Amount payable / paid	
Description	Maturity	2018	2017	2018	2017	2018	2017	2018	2017
Future contracts									
Purchase commitment									
Interest rate - real (R$)	2020	6,000	56,100	5,479	43,938	-	-	1	48
Foreign currencies	2019	27,150	23,210	27,150	23,210	-	-	110	48

The amounts receivable and payable of futures contracts are accounted for in the line items "Receivables", in current assets, and "Accounts payable", in current liabilities, respectively.

PGBL and VGBL's exposure

		Consolidated							
		Notional amount		Fair value		Amount receivable / received		Amount payable / paid	
Description	Maturity	2018	2017	2018	2017	2018	2017	2018	2017
Future contracts									
Purchase commitment									
Interest rate - real (R$)	2019/2027	6,196,500	4,698,600	5,477,820	3,877,825	-	56	2,500	3,453
Foreign currencies	2019	13,522	387	13,522	387	-	-	32	-
Indexes	2019/2026	194,791	507,967	175,631	489,022	517	311	30	-
Sales commitment									
Interest rate - real (R$)	2019/2027	4,893,800	1,637,400	4,392,817	975,575	725	3,290	-	-
Foreign currencies	2019	25,688	1,395	25,688	1,395	50	2	-	-
Indexes	2019/2026	986,400	710,600	852,143	574,561	-	2	781	686

6.2.1. Margins offered as guarantee

The total margins offered to guarantee transactions of futures and option contracts, recorded in exclusive investment funds, with SulAmérica's exposure, and the PGBL and VGBL contracts, where the exposure is of the participant, are as follows:

Margins offered as guarantee SulAmérica (except for PGBL and VGBL)

	Consolidated		
			2018
Assets	Maturity	Quantity	Amount
LFT	September 2021	800	7,887
LFT	September 2022	47	463
Total		**847**	**8,350**

	Consolidated		
			2017
Assets	Maturity	Quantity	Amount
LFT	March 2018	64	594
LFT	September 2018	100	928
LFT	March 2019	900	8,349
LFT	March 2020	634	5,877
LFT	September 2021	800	7,407
LFT	September 2022	10	93
Total		**2,508**	**23,248**

LFT: Financial Treasury Bills

Margins offered as guarantee PGBL/VGBL

	Consolidated		
			2018
Assets	Maturity	Quantity	Amount
LFT	March 2021	1,280	12,625
LFT	September 2021	80	789
LFT	March 2022	319	3,144
LFT	September 2023	2,030	19,981
LFT	September 2020	203	2,003
LFT	March 2024	1,600	15,742
LFT	March 2020	2,235	22,060
LFT	March 2023	120	1,182
LFT	March 2019	70	691
LFT	September 2022	3,536	34,834
LFT	September 2024	50	492
LTN	July 2020	34,900	31,285
LTN	July 2021	10,000	8,170
LTN	July 2022	14,240	10,523
LTN	January 2022	760	591
NTN-B	August 2050	75	265
NTN-B	August 2022	1,615	5,463
NTN-B	Maio 2019	400	1,284
NTN-B	May 2045	100	344
NTN-B	August 2020	300	1,004
Total		**73,913**	**172,472**

			Consolidated
			2017
Assets	Maturity	Quantity	Amount
LFT	March 2018	875	8,122
LFT	September 2018	108	1,002
LFT	March 2019	270	2,505
LFT	March 2020	490	4,542
LFT	September 2020	110	1,019
LFT	March 2021	1,150	10,652
LFT	September 2021	80	741
LFT	March 2022	300	2,776
LFT	September 2022	54	500
LFT	March 2023	50	462
LTN	July 2020	243,365	195,128
NTN-B	August 2022	515	1,661
NTN-B	May 2045	100	315
NTN-F	January 2027	1,800	1,778
Total		**249,267**	**231,203**

LFT: Financial Treasury Bills
LTN: National Treasury Bills
NTN-B: National Treasury Notes – B Series
NTN-F: National Treasury Notes – F Series

6.2.2. Sensitivity analysis of the exposure to derivatives

The sensitivity analysis aims at showing the changes in market variables in the financial instruments of SulAmérica. As the derivative contracts of PGBL and VGBL investment funds do not pose risk to SulAmérica, their positions did not go through sensitivity analysis. The sensitivity analyses shown below were made by using assumptions and presuppositions in relation to future events. The estimated scenarios show each scenario's impact on profit or loss in an instant portfolio position on December 31, 2018. Despite of the periodical review of estimates and assumptions, the settlement of transactions involving these estimates may result in amounts different from those estimated because of the subjectivity inherent in the process adopted in the preparation of these analyses. As the market is lively, these positions change continuously, therefore, they do not necessarily reflect the portrayed position.

The sensitivity analyses of derivative financial instruments were prepared based on scenarios considered "probable", "possible" and "remote". The scenario considered "probable" was the current one which based the determination of fair value of transactions, whereas the "possible" and "remote" ones were constructed by applying adverse variations at 25% and 50%, respectively, on current positions, considering the risks involved in each type of transaction. Variations at 25% and 50% correspond to the minimum variations established in the CVM rules.

Sensitivity analysis of derivative instruments for hedging purposes

				Consolidated		
				2018		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future dollar	US dollar depreciation	Net purchase in dollars	Future dollar at B3	-	(6,788)	(13,575)
Account payable	US dollar appreciation	-	Account payable	-	6,788	13,575
Net effect on profit or loss				**-**	**-**	**-**

				Consolidated		
				2018		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future DI	Decrease in CDI	Net purchase in interest rates	Future DI at B3	-	(123)	(250)
National Treasury Bills (LTNs)	Increase in CDI	-	Liquid position	-	123	251
Net effect on profit or loss				**-**	**-**	**1**

				Consolidated		
				2017		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future dollar	US dollar depreciation	Net purchase in dollars	Future dollar at B3	-	(5,803)	(11,605)
Account payable	US dollar appreciation	-	Account payable	-	5,803	11,605
Net effect on profit or loss				**-**	**-**	**-**

				Consolidated		
				2017		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future DI	Decline in CDI	Interest rates	Future DI at B3	-	(24)	(48)
National Treasury Bills (LTNs)	Increase in CDI	-	Liquid position	-	24	48
Net effect on profit or loss				**-**	**-**	**-**

				Consolidated		
				2017		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future DI	Decrease in CDI	Net purchase in interest rates	Future DI at B3	-	(36)	(72)
Financial bills	Increase in CDI	-	Liquid position	-	42	84
Net effect on profit or loss				**-**	**6**	**12**

				Consolidated		
				2017		
				Gain or (loss)		
Operation	Risk	Derivative	Asset	Probable scenario	Possible scenario	Remote scenario
Future DI	Drop in implied inflation	Long in interest rate	Future DI at B3	-	(2,606)	(5,438)
National Treasury Notes (NTN-B)	Drop in implied inflation	Purchase of NTN-B	Liquid position	-	1,031	2,108
Net effect on profit or loss				**-**	**(1,575)**	**(3,330)**

7. Cash and cash equivalents

	Company		Consolidated	
Description	2018	2017	2018	2017
Banks	117	61	61,553	78,969
Cash equivalents (a)	-	-	567,925	561,986
Total	**117**	**61**	**629,478**	**640,955**

(a) Cash equivalents include one-day resale agreements backed by Fixed income securities - Government, with daily liquidity. These securities have returns close to the SELIC and do not pose significant risk of change in value.

8. Marketable securities

8.1. Breakdown of marketable securities

The following table shows the breakdown of marketable securities and their respective accounting classifications, curve and market values, besides the contracted average rates:

				Company	
				2018	
	Fair value through profit or loss				
Description	Securities calculated based on the curve	Fair value / carrying amount	Average interest rate	Total	
Investment fund quotas	**157,173**	**157,151**		**157,151**	
Non-exclusive investment fund quotas (a)	2,348	2,348		2,348	
Exclusive investment fund quotas	154,825	154,803		154,803	
Financial treasury bills	137,296	137,274	SELIC	137,274	
Resale commitments	17,570	17,570	SELIC	17,570	
Other	(41)	(41)		(41)	
Subtotal	**157,173**	**157,151**		**157,151**	
Percentage in securities		**100.00%**		**100.00%**	
Other				**882**	
Total				**158,033**	
Current				**158,033**	

	Company 2017			
	Fair value through profit or loss			
Description	Securities calculated based on the curve	Fair value / carrying amount	Average interest rate	Total
Investment fund quotas	**512,760**	**512,768**		**512,768**
Non-exclusive investment fund quotas (a)	2,407	2,407		2,407
Exclusive investment fund quotas	510,353	510,361		510,361
Financial treasury bills	450,183	450,191	SELIC	450,191
Resale commitments	60,269	60,269	SELIC	60,269
Other	(99)	(99)		(99)
Subtotal	**512,760**	**512,768**		**512,768**
Percentage in securities		**100.00%**		**100.00%**
Total				**512,768**
Current				**512,768**

(a) The line of non-exclusive investment fund units comprises a real estate fund (without specific benchmark) and a short-term fixed-income fund (CDI).

	Consolidated 2018							
	Fair value through profit or loss		Available for sale		Held to maturity			
Description	Securities calculated based on the curve	Fair value / carrying amount	Securities calculated based on the curve	Fair value / carrying amount	Securities calculated based on the curve/ carrying amount	Fair value	Average interest rate	Total
Fixed income securities - private	**1,726,443**	**1,751,385**	**886,771**	**899,527**	**-**	**-**		**2,650,912**
Bank certificates of deposit								
Floating rate - CDI	37,814	37,833	10,476	10,481	-	-	103.34%CDI	48,314
Debentures								
Floating rate - CDI	382,033	383,378	128,292	128,575	-	-	107.1%CDI	511,953
Floating rate - IPCA	54,641	55,586	5,101	5,146	-	-	IPCA + 5.76%p.a.	60,732
Financial bills	1,238,181	1,260,802	727,545	739,963	-	-	113.04%CDI	2,000,765
Promissory notes	13,774	13,786	15,357	15,362	-	-	106.41%CDI	29,148
Fixed income securities - government	**5,459,021**	**5,535,887**	**5,601,554**	**5,643,827**	**1,292,404**	**1,566,872**		**12,472,118**
Financial treasury bills	3,035,460	3,049,753	4,225,329	4,225,457	-	-	SELIC	7,275,210
National treasury bills								
Fixed rate	243,383	253,877	576,004	596,120	-	-	9.92%p.a.	849,997
Agricultural debt securities	27,826	28,852	-	-	-	-	TR+10.61%p.a.	28,852
National treasury notes								
F series - fixed rate	44	44	277,514	294,675	-	-	11.38%p.a.	294,719
B series - floating rate - IPCA	2,142,096	2,192,981	522,707	527,575	65,772	67,950	IPCA + 4.65%p.a.	2,786,328
C series - floating rate - IGPM	10,212	10,380	-	-	1,226,632	1,498,922	IGPM + 7.83%p.a.	1,237,012
Equity securities	**247,404**	**247,404**	**-**	**-**	**-**	**-**		**247,404**
Stocks	247,404	247,404	-	60	-	-		247,464
Impairment	-	-	-	(60)	-	-		(60)
Investment fund quotas	**859,560**	**859,560**	**-**	**-**	**-**	**-**		**859,560**
Investment fund quotas - fixed income, equity and multimarket	782,500	782,500	-	-	-	-		782,500
Investment fund quotas - stocks	77,060	77,060	-	-	-	-		77,060
Subtotal	**8,292,428**	**8,394,236**	**6,488,325**	**6,543,354**	**1,292,404**	**1,566,872**		**16,229,994**
Percentage in securities		**51.73%**		**40.31%**	**7.96%**			**100.00%**
Other								**2,589**
Total								**16,232,583**
Current								**14,971,745**
Non-current								**1,260,838**

	Consolidated 2017							
	Fair value through profit or loss		Available for sale		Held to maturity			
Description	Securities calculated based on the curve	Fair value / carrying amount	Securities calculated based on the curve	Fair value / carrying amount	Securities calculated based on the curve/ carrying amount	Fair value	Average interest rate	Total
Fixed income securities - private	**1,672,624**	**1,703,300**	**849,157**	**863,988**	**-**	**-**		**2,567,288**
Bank certificates of deposit								
Floating rate - CDI	26,186	26,202	3,884	3,887	-	-	104.82%CDI	30,089
Debentures								
Floating rate - CDI	333,260	334,186	128,151	128,405	-	-	106.52%CDI	462,591
Floating rate - IPCA	86,900	89,133	18,879	18,918	-	-	IPCA+5.8%p.a.	108,051
Financial bills	1,214,909	1,242,757	693,233	707,768	-	-	111.54%CDI	1,950,525
Promissory notes	11,022	11,022	5,010	5,010	-	-	106.00%CDI	16,032
Other	347	331	-	-	-	-		331
Impairment	-	(331)	-	-	-	-		(331)
Fixed income securities - government	**4,177,627**	**4,280,747**	**5,410,189**	**5,432,608**	**1,201,791**	**1,404,021**		**10,915,146**
Financial treasury bills	1,469,255	1,469,372	4,233,637	4,234,281	-	-	SELIC	5,703,653
National treasury bills								
Fixed rate	1,606,757	1,702,068	293,219	304,904	-	-	11.26%p.a.	2,006,972
Agricultural debt securities	33,082	33,608	-	-	-	-	TR+10.68%p.a.	33,608
National treasury notes								
F series - fixed rate	13,016	12,996	209,219	225,378	-	-	11.9%p.a.	238,374
B series - floating rate - IPCA	1,055,517	1,062,703	674,114	668,045	63,361	61,401	IPCA+4.78%p.a.	1,794,109
C series - floating rate - IGPM	-	-	-	-	1,138,430	1,342,620	IGPM+7.86%p.a.	1,138,430
Equity securities	**180,613**	**180,613**	**280**	**181**	**-**	**-**		**180,794**
Stocks	180,613	180,613	280	181	-	-		180,794
Impairment	-	-	-	-	-	-		-
Investment fund quotas	**959,584**	**959,584**	**-**	**-**	**-**	**-**		**959,584**
Investment fund quotas - fixed income,equity and multimarket	894,382	894,382	-	-	-	-		894,382
Investment fund quotas - stocks	65,202	65,202	-	-	-	-		65,202
Subtotal	**6,990,448**	**7,124,244**	**6,259,626**	**6,296,777**	**1,201,791**	**1,404,021**		**14,622,812**
Percentage in securities		**48.72%**		**43.06%**	**8.22%**			**100.00%**
Other								**2,366**
Total								**14,625,178**
Current								**13,478,203**
Non-current								**1,146,975**

8.2. Changes in marketable securities

The breakdown of year-on-year changes in marketable securities is shown below:

	Company	
	At Fair value through profit or loss	Total
Balance as at 01/01/2017	**517,588**	**517,588**
Securities	583,378	583,378
Yield - redemption	(19,302)	(19,302)
Principal - redemption	(589,938)	(589,938)
Investment income	21,406	21,406
Other net proceeds and (payments)	(364)	(364)
Balance as at 12/31/2017	**512,768**	**512,768**

	Company	
	At Fair value through profit or loss	Total
Balance as at 12/31/2017	**512,768**	**512,768**
Securities	61,778	61,778
Yield - redemption	(14,527)	(14,527)
Principal - redemption	(421,501)	(421,501)
Investment income	18,358	18,358
Other net proceeds and (payments)	275	275
Balance as at 12/31/2018	**157,151**	**157,151**

	Consolidated			
	At Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as at 01/01/2017	**6,344,686**	**5,569,651**	**1,435,738**	**13,350,075**
Securities	18,108,037	3,912,170	55,003	22,075,210
Yield - redemption	(1,403,326)	(799,350)	(94,833)	(2,297,509)
Principal - redemption	(16,763,752)	(2,989,961)	(277,916)	(20,031,629)
Investment income	701,200	555,079	83,799	1,340,078
Other net proceeds and (payments)	137,399	-	-	137,399
Fair value adjustment	-	49,188	-	49,188
Balance as at 12/31/2017	**7,124,244**	**6,296,777**	**1,201,791**	**14,622,812**

	Consolidated			
	At Fair value through profit or loss	Available for sale	Held to maturity	Total
Balance as at 12/31/2017	**7,124,244**	**6,296,777**	**1,201,791**	**14,622,812**
Securities	20,200,229	4,266,541	6,113	24,472,883
Yield - redemption	(3,271,536)	(728,631)	(86,743)	(4,086,910)
Principal - redemption	(16,226,296)	(3,764,701)	-	(19,990,997)
Investment income	530,250	455,701	171,243	1,157,194
Other net proceeds and (payments)	37,345	-	-	37,345
Fair value adjustment	-	17,667	-	17,667
Balance as at 12/31/2018	**8,394,236**	**6,543,354**	**1,292,404**	**16,229,994**

8.3. Sensitivity analysis of marketable securities

8.3.1. Marketable securities

The risk metrics adopted in the preparation of sensitivity analyses of marketable securities are:

(i) The VaR Parametric uses a confidence level at 95% and more weighting to latest returns. The VaR concept has the objective of quantifying the expected loss over a fixed term at a confidence interval. It is named Parametric VaR because it uses two parameters for quantification: volatility and correlation. The maturity and duration terms in which each asset may be allocated are also analyzed. The investment portfolio is monitored daily in order to ensure that the thresholds and requirements set are observed; and

(ii) DV01 (dollar-value or value for one basis-point), which is conveniently and widely used for assessing the market risk of fixed income assets by verifying the amount of change in market value (ΔP) should the interest rate vary one basis point (that is, 0.01%).

The adopted methodologies do not consider the amounts of the balances related to the PGBL and VGBL, because the funds are in exclusive funds for participants and regulated by liquidity rules established in the rules of each fund.

The following tables show the calculation of expected gain or loss on profit or loss and equity of one day using the VaR methodology and the gain or loss from the one-basis point change (i.e., 0.01%) in the interest rate using the DV01 methodology.

	Company	
	2018	2017
Risk factors	**VaR 95%**	**VaR 95%**
Other	4	10
Total	**4**	**10**

	Consolidated			
	2018		2017	
Risk factors	**VaR 95%**	**DV01=0.01%**	**VaR 95%**	**DV01=0.01%**
Fixed income	1,264	121	365	43
IPCA	839	133	783	149
Equity investments	662	472	405	292
Other	4	-	(8)	90
Total	**2,769**	**726**	**1,545**	**574**

The Interbank Deposit Certificate (CDI) and SELIC-linked assets do not show change, because the effective duration is only one business day. In relation to VaR, such assets did not show material results because of its low volatility (lower than R$1).

The negative VaR amounts shown above mainly result from the correlation between some risk factors, generated by the diversification of the investments portfolio.

8.4. Criteria adopted to estimate market values

The assets held in the portfolio or exclusive investment funds are valued at market value, using the prices traded in active markets and indexes disclosed by the Brazilian Financial and Capital Markets Association (ANBIMA) and B3, except for held-to-maturity securities, which are adjusted based on indexes and rates agreed upon at purchase.

These financial instruments were classified into hierarchical levels of measurement at market value, as follows:

(i) **Level 1:**

Quoted prices (not adjusted) in active markets for identical assets and liabilities;

(ii) **Level 2:**

Information, except quoted prices (included in Level 1), observable for the asset or liability, either directly (prices) or indirectly (price variation); and

(iii) **Level 3:**

Assumptions that are not based on observable market data (unobservable information, models based on own methodologies) for assets or liabilities.

Level 1

- **Equity securities**

Calculated based on the closing price on the last day they were traded in the month;

- **Fixed income securities - Government**

Calculated based on the unit price lists for the secondary market disclosed by ANBIMA; and

- **Derivative financial instruments**

Calculated based on the quoted prices and rates disclosed by B3.

Level 2

- **Bank Certificates of Deposit (CDB) and Financial Bills (LF)**

Calculated according to redemption characteristics: (i) CDBs with early redemption clause at a fixed rate: calculated based on the agreed rate of the operation; (ii) CDBs without early redemption clause and with early redemption clause at market rate: calculated based on the curve from Interbank Deposit (DI) futures of B3, and, for credit spread, the set formed by CDB and financial bills operations of managed portfolios/funds in which the custodian bank provides asset pricing services;

- **Debentures**

Calculated based on the unit price lists (for government securities) for the secondary market disclosed by ANBIMA, or, in case it does not exist, by the criteria established by the custodian bank, according to the pricing standards set forth in its mark to market guidelines;

- **Bank Credit Note (CCB)**

These are calculated based on the projected payment flow to the operation, discounted at the curve from DI futures of B3 and credit spread of SulAmérica or companies with similar risk profile; and

Investment fund units

Calculated in accordance with the mark to market criteria established by the manager of each Fund, expressed in the disclosed unit value, except for held-to-maturity securities, which are calculated based on the agreed-upon indexes, plus interest incurred.

The assets allocated to exclusive investment funds are shown according to the hierarchy levels classified above.

The receivables and payables balances of consolidated exclusive funds, recorded in current, approximate their realizable and payable values, respectively, due to their short-term maturities.

The balances of marketable securities, CCB, debentures and finance lease by hierarchical level as at December 31, 2018 and 2017 are shown in the following tables:

	Company		
			2018
Description	**Level 1**	**Level 2**	**Total**
Financial assets			
Securities			
Fair value through profit or loss	154,844	2,307	157,151
Total	**154,844**	**2,307**	**157,151**
Financial liabilities			
Loans and financing	-	1,483,969	1,483,969
Total	**-**	**1,483,969**	**1,483,969**

	Company		
			2017
Description	**Level 1**	**Level 2**	**Total**
Financial assets			
Securities			
Fair value through profit or loss	510,460	2,308	512,768
Total	**510,460**	**2,308**	**512,768**
Financial liabilities			
Loans and financing	-	1,602,016	1,602,016
Total	**-**	**1,602,016**	**1,602,016**

	Consolidated		
			2018
Description	**Level 1**	**Level 2**	**Total**
Financial assets			
Cash equivalents	-	567,925	567,925
Securities			
Fair value through profit or loss	5,783,291	2,610,945	8,394,236
Available for sale	5,643,827	899,527	6,543,354
Held to maturity	1,566,872	-	1,566,872
Total	**12,993,990**	**4,078,397**	**17,072,387**
Financial liabilities			
Loans and financing	-	1,489,196	1,489,196
Total	**-**	**1,489,196**	**1,489,196**

	Consolidated		
			2017
Description	**Level 1**	**Level 2**	**Total**
Financial assets			
Cash equivalents	-	561,986	561,986
Securities			
Fair value through profit or loss	4,461,360	2,662,884	7,124,244
Available for sale	5,432,789	863,988	6,296,777
Held to maturity	1,404,021	-	1,404,021
Total	**11,298,170**	**4,088,858**	**15,387,028**
Financial liabilities			
Loans and financing	-	1,605,107	1,605,107
Total	**-**	**1,605,107**	**1,605,107**

9. Receivables

As at December 31, 2018, the Company's receivables amounted to R$260,881 (R$213,165 in 2017), and basically comprised dividends, interest on capital and amounts of the stock option plan of the Company receivable from its subsidiaries. The receivables as at December 31, 2018 and 2017 presented in the consolidated financial statements are as follows:

		Consolidated	
Description	**Note**	**2018**	**2017**
Insurance		2,545,056	2,307,363
Premiums receivable	9.1.1	1,443,659	1,308,810
Insurance companies		9,381	13,516
Other operating income	9.1.2	1,092,016	985,037
Private pension		5,234	388
Saving bonds	17.1	8,473	14,232
ASO receivables	9.2	292,192	244,430
Other		221,650	126,186
Total		**3,072,605**	**2,692,599**
Current		**2,164,249**	**1,974,166**
Non-current		**908,356**	**718,433**

9.1. Insurance

9.1.1. Premiums receivable

Changes in premiums receivable

The balances of premiums receivable include direct written premiums and accepted coinsurance, as well as retrocession operations. For the health segment, the billing is monthly, whereas for the property and casualty segment the recorded average installment as at December 31, 2018 and 2017 was five months, substantially represented by the auto portfolio. The balances related to the health and property and casualty lines in aggregate account for approximately 96% of the premiums receivable by SulAmérica as at December 31, 2018 and 2017.

	Consolidated		
	Premiums	**Impairment**	**Total**
Balance as at 01/01/2017	**1,527,468**	**(282,021)**	**1,245,447**
Written premiums, net of cancellation / recognition	18,347,924	(123,352)	18,224,572
RVNE	(44,741)	-	(44,741)
Receipts / reversal	(18,174,348)	57,880	(18,116,468)
Balance as at 12/31/2017	**1,656,303**	**(347,493)**	**1,308,810**
Current			**1,308,534**
Non-current			**276**

	Consolidated		
	Premiums	**Impairment**	**Total**
Balance as at 12/31/2017	**1,656,303**	**(347,493)**	**1,308,810**
Written premiums, net of cancellation / recognition	20,627,240	(137,408)	20,489,832
RVNE	11,319	-	11,319
Receipts / reversal	(20,417,366)	51,064	(20,366,302)
Balance as at 12/31/2018	**1,877,496**	**(433,837)**	**1,443,659**
Current			**1,442,883**
Non-current			**776**

Premiums receivable by maturity

The breakdown of premiums receivable by maturity is as follows:

	Consolidated	
Description	**2018**	**2017**
Falling due		
Falling due from 1 to 30 days	502,483	456,172
Falling due 31 to 60 days	212,752	211,658
Falling due 61 to 180 days	328,229	293,504
Falling due 181 to 365 days	26,686	40,601
Falling due after 365 days	990	444
Total	**1,071,140**	**1,002,379**
Impairment	**(4,824)**	**(2,229)**
Falling due total	**1,066,316**	**1,000,150**
Overdue		
Overdue from 1 to 30 days	190,304	143,979
Overdue from 31 to 60 days	45,487	32,970
Overdue from 61 to 180 days	71,502	70,046
Overdue from 181 to 365 days	78,259	77,266
Overdue after 365 days	420,804	329,663
Total	**806,356**	**653,924**
Impairment	**(429,013)**	**(345,264)**
Overdue total	**377,343**	**308,660**
Total premiums receivable	**1,877,496**	**1,656,303**
Total impairment (a)	**(433,837)**	**(347,493)**
Total	**1,443,659**	**1,308,810**

(a) The impairment is based on premiums due and falling due of expired risk. The amount is recorded in the statement of financial position at gross amounts, and in the statement of income at amounts net of commissions, IOF (tax on financial transactions), escrow deposits and, when applicable, coinsurance and reinsurance, reflecting the essence of the final result of the entire receipt process. The credit risk analysis of companies is made based on a chart that shows the score (risk rating) for likelihood of loss, whereas that of individuals is made based on the history of recovery percentage of premiums due. The premiums with risks to expire are usually cancelled after 32 and 60 days past due, depending of the insurance line.

9.1.2. Other operating receivables

	Consolidated	
Description	**2018**	**2017**
Amount receivables of FCVS - SFH (a)		
Principal	1,152,358	1,034,256
Impairment	(148,105)	(143,836)
Balance bank accounts restricted (b)	41,600	43,749
Other (c)	46,163	50,868
Total	**1,092,016**	**985,037**
Current	**184,436**	**266,880**
Non-current	**907,580**	**718,157**

(a) As at December 31, 2018, the account balance corresponds to R$1,152,358 (R$1,034,256 in 2017), related to the balance receivable from the Wage Variation Compensation Fund (*Fundo de Compensação de Variações Salariais* or FCVS) related to the mortgage insurance of the Housing Financial System (*Sistema Financeiro da Habitação* or SH/SFH), of which R$112,987 (R$206,892 in 2017) in current assets and R$1,039,371 (R$827,364 in 2017) in non-current assets. The impairment of these amounts is R$148,105 (R$143,836 in 2017), calculated based on future assumptions that take into account the history of operating losses, of which R$14,521 (R$28,773 in 2017) in current assets and R$133,584 (R$115,063 in 2017) in non-current assets. As at December 31, 2018, there are lawsuits in progress related to the SFH, in which the Company is summoned, that may give rise to future cash disbursement with the corresponding application for reimbursement to the FCVS. As at December 31, 2018, SulAmérica disbursed R$216,303 (R$230,045 in 2017) in SH/SFH-related lawsuits, and was reimbursed with R$98,002 (R$162,476 in 2017) by FCVS through its subsidiary SALIC. The Company has also pledged, in court, for lawsuits involving the SFH, surety bond instruments. As at December 31, 2018, the total amount guaranteed by surety bond is R$479,094 (R$208,332 in 2017). The SH/SFH had been originally introduced by article 14 of Act No. 4.380/1964 and, since 1967, it has been guaranteed by the FCVS. The insurance companies act only as representatives of the FCVS in lawsuits which subject matter is the SH/SFH, being entitled to them the reimbursement of the expenses incurred from their defense in such lawsuits, besides the amounts incurred with unfavorable decisions. Act No. 13.000, published on June 18, 2014, as well as the CCFCVS Resolution No. 364, of March 28, 2014, establish the responsibility of FCVS and of Caixa Econômica Federal (CEF) for all lawsuits which subject matter is the SH/SFH's public policy. Additionally, the Office of Attorney-General of the National Treasury (PGFN) issued the Opinions PGFN/CAF No. 1.842/2014 and PGFN/CRJ No. 1.949/2014, in which it recognizes the role of insurance companies as representative of the FCVS, and more recently, the Federal Supreme Court recognized the general repercussion in an extraordinary appeal filed by Sul América to analyze whether there is interest by Caixa Econômica Federal to be included as party in the lawsuits involving the mortgage insurance of the Housing Financial System (*Sistema Financeiro da Habitação* or SH/SFH), with the consequent jurisdiction by the Federal Court to try lawsuits of such nature. The trial of this Appeal, in view of the recognition of the general repercussion, will have effect on all lawsuits on the theme. Recently, the CCFCVS has revoked Resolution 391/2015, temporarily suspending the reimbursements to Insurance Companies based on the opinion reports issued by the PGFN (PGFN/CAF Opinion Report 161/2018, SEI Note 08/2018/PGACFFS/PGFN-MF, SEI Opinion Report 489/2018/CAF/PGACFFS/PGFN-MF and SEI Note 158/2018/CAF/PGACFFS/PGFN-MF), determining that the CCFCVS Technical Support Group prepares a proposal for adjustment to the guidance contained in the above-mentioned Opinion Report 489/2018. It is worth noting that the entire reimbursement systematics contained in Resolution 391/2015, revoked, will be subject to revision, whereas not changing the recognition of the legitimacy of the Insurance Companies to receive the reimbursements for the expenses incurred in lawsuits to which they are party, illegally brought to court as FCVS representative.

(b) Refer to frozen funds in bank accounts and investment funds in connection with the lawsuits.

(c) Basically refers to payments related to the refund to the Unified Health System (SUS), managed by the regulatory authority, according to the effective legislation. The payments are recorded as advance until the regulatory authority authorizes the write-off of liabilities, recorded in the outstanding claims reserve (Note 19.1).

9.2. Consideration receivable – Health administrative services only plans

Health administrative service only plans are the modality in which SulAmérica administers medical and hospital expenses on behalf of its clients, and is fully reimbursed by clients, recording as revenue from operations only its administration fee. The amounts related to consideration receivable by maturity are as follows:

	Consolidated	
Description	**2018**	**2017**
Falling due		
Falling due from 1 to 30 days	248,418	225,103
Falling due total	**248,418**	**225,103**
Overdue		
Overdue from 1 to 30 days	37,020	13,166
Overdue from 31 to 60 days	4,945	3,428
Overdue from 61 to 180 days	2,507	3,345
Overdue from 181 to 365 days	731	281
Overdue after 365 days	986	107
Total	**46,189**	**20,327**
Impairment	**(2,415)**	**(1,000)**
Overdue total	**43,774**	**19,327**
Total premiums receivable	**294,607**	**245,430**
Total impairment	**(2,415)**	**(1,000)**
Total	**292,192**	**244,430**

10. Taxes

10.1. Tax credits

		Company		Consolidated	
Description	**Note**	**2018**	**2017**	**2018**	**2017**
Tax loss carryforwards / recoverable taxes	10.2	147,561	148,104	320,168	299,624
Deferred tax assets	10.3	9,988	12,890	1,194,481	1,135,569
Deferred tax liabilities	10.3	-	(167)	(367,307)	(413,818)
Total		**157,549**	**160,827**	**1,147,342**	**1,021,375**
Current		**46,513**	**103,230**	**182,075**	**225,348**
Non-current		**111,036**	**57,597**	**965,267**	**796,027**

10.2. Tax loss carryforwards / recoverable taxes

Description	Balance as at 01/01/2017	Additions	Inflation and interest adjustments	Payments / write-offs	Company Balance as at 12/31/2017
Corporate income tax - IRPJ	111,743	49,296	8,453	(21,657)	147,835
Social Contribution on Net Income - CSLL	5,390	-	55	(5,214)	231
Other	38	24	-	(24)	38
Total	**117,171**	**49,320**	**8,508**	**(26,895)**	**148,104**
Current					**103,230**
Non-current					**44,874**

Description	Balance as at 12/31/2017	Additions	Inflation and interest adjustments	Payments / write-offs	Company Balance as at 12/31/2018
Corporate income tax - IRPJ	147,835	53,156	6,450	(59,918)	147,523
Social Contribution on Net Income - CSLL	231	-	-	(231)	-
Social Contribution on Revenues - COFINS	-	635	1,158	(1,793)	-
Contribution to the Social Integration Program - PIS	-	89	166	(255)	-
Other	38	-	-	-	38
Total	**148,104**	**53,880**	**7,774**	**(62,197)**	**147,561**
Current					**46,513**
Non-current					**101,048**

Description	Balance as at 01/01/2017	Additions	Inflation and interest adjustments	Payments / write-offs	Consolidated Balance as at 12/31/2017
Corporate income tax - IRPJ	165,651	139,523	10,847	(75,940)	240,081
Social Contribution on Net Income - CSLL	19,214	19,837	1,279	(17,637)	22,693
Social Contribution on Revenues - COFINS	5,170	2,037	132	(5,176)	2,163
Contribution to the Social Integration Program - PIS	3,502	477	115	(1,037)	3,057
Social Security Contribution – INSS (a)	32,513	18,513	10,129	(30,060)	31,095
Other	531	4	-	-	535
Total	**226,581**	**180,391**	**22,502**	**(129,850)**	**299,624**
Current					**225,348**
Non-current					**74,276**

Description	Balance as at 12/31/2017	Additions	Inflation and interest adjustments	Payments / write-offs	Consolidated Balance as at 12/31/2018
Corporate income tax - IRPJ	240,081	141,615	9,855	(167,489)	224,062
Social Contribution on Net Income - CSLL	22,693	30,558	1,663	(20,676)	34,238
Social Contribution on Revenues – COFINS (b)	2,163	12,685	22,413	(6,289)	30,972
Contribution to the Social Integration Program - PIS	3,057	2,889	7,965	(9,185)	4,726
Social Security Contribution – INSS (a)	31,095	275	1,304	(6,776)	25,898
Other	535	110	-	(373)	272
Total	**299,624**	**188,132**	**43,200**	**(210,788)**	**320,168**
Current					**182,075**
Non-current					**138,093**

(a) In 2016, CIA. SAÚDE was awarded a final and unappealable favorable decision on the proceedings in which it claimed the right to offset the amounts charged as pension contribution to payments made to medical service providers in the period from January 2004 to May 2005. Therefore, an INSS credit to be offset was recorded in the amount of R$32,182 from December 2016. Up to December 2017, the total amount offset was R$29,117. The amount outstanding was offset in the first quarter of 2018. Additionally, in 2017, SULAMED was awarded a favorable decision on the proceedings that disputed the levy of social security contribution on transfers made to physicians and other healthcare professionals. Indeed, the Company obtained authorization for offsetting the amounts inappropriately collected during the five years prior to such ruling, that is, from July 2010 to July 2015. In view of this fact, in December 2017, an INSS credit to be offset was recorded in the total amount of R$ 22,709. The total amount offset in 2018 was R$1,279.

(b) In October 2018, CIA. SAÚDE was awarded a final and unappealable favorable decision on the proceedings aimed at recovering amounts unduly collected as COFINS related to the months of February and March 1999. In view of the favorable decision on the proceedings, a COFINS credit was recognized in the total amount of R$26,740, of which R$18,795 was recorded as adjustment.

10.3. Change in tax credits and debits

Description	Balance as at 01/01/2017	Recognition	Realization / Reversal	Company Balance as at 12/31/2017
Social contribution tax loss carryforwards	14,045	-	(1,155)	12,890
Total deferred tax assets	**14,045**	**-**	**(1,155)**	**12,890**
Tax debit related to inflation adjustments on escrow deposits	(140)	(27)	-	(167)
Total tax debits	**(140)**	**(27)**	**-**	**(167)**

Description	Company Balance as at 12/31/2017	Recognition	Realization / Reversal	Balance as at 12/31/2018
Actuarial losses on defined benefit pension plan	-	53	-	53
Social contribution tax loss carryforwards	12,890	-	(2,955)	9,935
Total deferred tax assets	**12,890**	**53**	**(2,955)**	**9,988**
Tax debit related to inflation adjustment on escrow deposits	(167)	(16)	183	-
Total tax debits	**(167)**	**(16)**	**183**	**-**

Description	Consolidated Balance as at 01/01/2017	Recognition	Realization / Reversal	Balance as at 12/31/2017
Accrued liabilities for contingencies and tax liabilities	628,357	91,678	(13,608)	706,427
Impairment	123,512	96,416	(96,126)	123,802
Provisions	50,822	30,697	(16,100)	65,419
Profit sharing	5,498	6,182	(5,811)	5,869
Actuarial losses on defined benefit pension plan	8,722	2,950	(299)	11,373
Loss from fair value adjustment	11,129	1,360	(11,217)	1,272
Others	2,916	969	(9)	3,876
Deferred tax on temporary differences total	**830,956**	**230,252**	**(143,170)**	**918,038**
Social contribution tax loss carryforwards	**74,463**	**5,425**	**(15,282)**	**64,606**
PIS and COFINS tax credit on IBNR reserve	**137,497**	**29,014**	**(13,586)**	**152,925**
Total deferred tax assets	**1,042,916**	**264,691**	**(172,038)**	**1,135,569**
Tax debit related to inflation adjustment on escrow deposits	(310,326)	(61,948)	49	(372,225)
Gains from fair value adjustment	(13,244)	(10,212)	1,536	(21,920)
Other	(15,851)	(9,227)	5,405	(19,673)
Total tax debits	**(339,421)**	**(81,387)**	**6,990**	**(413,818)**

Description	Consolidated Balance as at 12/31/2017	Recognition	Realization / Reversal	Balance as at 12/31/2018
Accrued liabilities for contingencies and tax liabilities	706,427	73,484	(61,877)	718,034
Impairment	123,802	26,627	(24,694)	125,735
Provisions	65,419	27,873	(26,492)	66,800
Reversal of reserve	-	34,376	-	34,376
Profit sharing	5,869	15,119	(5,809)	15,179
Actuarial losses on defined benefit pension plan	11,373	1,401	(37)	12,737
Loss from fair value adjustment	1,272	4,674	(5,924)	22
Other	3,876	1,682	(128)	5,430
Deferred tax on temporary differences total	**918,038**	**185,236**	**(124,961)**	**978,313**
Social contribution tax loss carryforwards	**64,606**	**2,676**	**(19,654)**	**47,628**
PIS and COFINS tax credit on IBNR reserve	**152,925**	**25,585**	**(9,970)**	**168,540**
Total deferred tax assets	**1,135,569**	**213,497**	**(154,585)**	**1,194,481**
Tax debit related to inflation adjustment on escrow deposits	(372,225)	(32,887)	84,233	(320,879)
Gains from fair value adjustment	(21,920)	(20,238)	15,063	(27,095)
Other	(19,673)	(6,934)	7,274	(19,333)
Total tax debits	**(413,818)**	**(60,059)**	**106,570**	**(367,307)**

As at December 31, 2018, the bases of income tax losses and social contribution loss carryforwards comprise the following:

Year	Company Income tax	Social contribution	Consolidated Income tax	Social contribution
2001	-	2,578	-	2,578
2003	-	2,616	-	2,616
2005	-	-	28,312	60,723
2006	-	-	1,510	2,724
2007	649	26,767	649	26,767
2008	-	965	-	965
2011	5,210	5,289	40,618	37,139
2012	14,795	14,798	14,795	14,798
2017	-	-	11,517	11,572
2018	-	-	6,604	6,604
Offset balances	**20,654**	**53,013**	**104,005**	**166,486**

As at December 31, 2018, the expected realization by year of deferred tax assets of income tax loss and social contribution tax loss carryforwards in the Company's and consolidated balances are as follows:

Year	Company Income tax	Social contribution
2019	26%	10%
2020	17%	7%
2021	12%	5%
2022	15%	6%
2023	16%	6%
2024 to 2025	14%	55%
2026 to 2028	0%	11%
Total	**100%**	**100%**

Year	Consolidated	
	Income tax	Social Contribution
2019	11%	7%
2020	11%	7%
2021	11%	7%
2022	13%	8%
2023	16%	10%
2024 to 2025	38%	40%
2026 to 2028	0%	21%
Total	**100%**	**100%**

In the Company, deferred tax assets of income tax losses and social contribution tax loss carryforwards are recorded according to expected realization, mainly by the inflow of Interest on Capital estimated for the current and coming periods, and, accordingly, it has deferred tax assets of this nature recorded in the line item "Taxes", and are shown in Note 10.3.

On a consolidated basis, the realization of deferred tax assets for temporary differences mainly related to provisions for lawsuits and tax obligations are not presented in the chart above, because they depend on the final and unappealable decision on these lawsuits and settlement date. Notwithstanding this fact, the budget of future results approved by the management of subsidiaries fully include the realization of deferred tax assets recorded based on temporary differences.

The bases and taxes shown in the charts below, related to December 31, 2018, represent the unrecognized deferred tax assets, most of which comprising amortization of goodwill from investments, in view of the lack of prospects for realization of amortized amounts.

Description	Company		Consolidated	
	Bases	Unrecognized deferred tax assets	Bases	Unrecognized deferred tax assets
Temporary differences of IRPJ	4,806	1,201	313,207	78,302
Temporary differences of CSLL (a)	1,632	147	48,769	5,738
Total	**6,438**	**1,348**	**361,976**	**84,040**

(a) Tax rate of 9% and 15%.

11. Reinsurance assets

Description	Note	Consolidated	
		2018	2017
Reinsurance assets and retrocession - Technical reserves	11.1	33,182	22,617
Reinsurance companies	11.2	10,730	10,250
Total		**43,912**	**32,867**
Current		**35,845**	**25,167**
Non-current		**8,067**	**7,700**

11.1. Reinsurance and retrocession assets – technical reserves

Description	Unearned premium reserve		Reserve for claims and IBNR reserve and others		Consolidated Total	
	2018	2017	2018	2017	2018	2017
Property and casualty	3,627	3,950	14,361	13,032	17,988	16,982
Life and private pension	1,726	1,914	13,468	3,721	15,194	5,635
Total	**5,353**	**5,864**	**27,829**	**16,753**	**33,182**	**22,617**
Current	**4,715**	**5,443**	**22,497**	**11,467**	**27,212**	**16,910**
Non-current	**638**	**421**	**5,332**	**5,286**	**5,970**	**5,707**

11.1.1. Change in the unearned premium reserve - reinsurance

	Consolidated		
	Property and casualty	Life and private pension	Total
Balance as at 01/01/2017	**5,562**	**1,779**	**7,341**
Issuance/RVNE	5,336	10,544	15,880
Cancellation	(9)	-	(9)
Amortization	(6,939)	(10,409)	(17,348)
Inflation/ interest adjustments	-	-	-
Balance as at 12/31/2017	**3,950**	**1,914**	**5,864**

	Consolidated		
	Property and casualty	Life and private pension	Total
Balance as at 12/31/2017	**3,950**	**1,914**	**5,864**
Issuance/RVNE	7,556	10,415	17,971
Amortization	(7,879)	(10,603)	(18,482)
Balance as at 12/31/2018	**3,627**	**1,726**	**5,353**

11.1.2. Change in outstanding claims reserve / IBNR - reinsurance

	Consolidated		
	Property and casualty	Life and private pension	Total
Balance as at 01/01/2017	**13,281**	**4,219**	**17,500**
Additions/write-off	(1,309)	(47)	(1,356)
Inflation/ interest adjustments	378	229	607
Changes in IBNR	682	(680)	2
Balance as at 12/31/2017	**13,032**	**3,721**	**16,753**

	Consolidated		
	Property and casualty	Life and private pension (a)	Total
Balance as at 12/31/2017	**13,032**	**3,721**	**16,753**
Additions/write-off	999	7,342	8,341
Inflation/ interest adjustments	1,391	280	1,671
Changes in IBNR	(1,061)	2,125	1,064
Balance as at 12/31/2018	**14,361**	**13,468**	**27,829**

(a) From January 2018, we started to consider the effect of reinsurance on the calculation of the expected future claim payment to increase the accuracy of estimated amounts.

11.2. Operations with reinsurance companies

	Consolidated			
	Assets		Liabilities	
Description	2018	2017	2018	2017
Claim advance	-	-	68	-
Recovery of damages	10,769	10,917	-	-
Premiums net of commissions	-	-	11,157	9,834
Salvage and recoveries	-	-	1,527	323
Impairment	(2,450)	(3,032)	-	-
Others	2,411	2,365	-	-
Total	**10,730**	**10,250**	**12,752**	**10,157**
Current	**8,633**	**8,257**	**12,752**	**10,157**
Non-current	**2,097**	**1,993**	**-**	**-**

12. Deferred acquisition costs

	Consolidated	
Description	2018	2017
Deferred acquisition costs		
Health	800,512	673,736
Property and casualty	386,520	361,256
Life and private pension	17,753	22,209
Private Pension	41,342	37,128
Total	**1,246,127**	**1,094,329**
Current	**663,259**	**596,212**
Non-current	**582,868**	**498,117**

13. Investments

13.1. Company – ownership interests and goodwill

	SALIC	SAEPAR	CIA. SAÚDE	Total
Balance as at 01/01/2017	**2,132,194**	**2,437,679**	**1,228,443**	**5,798,316**
Capital increase (b)	38,628	59,620	23,498	121,746
Capital decrease (e)	-	(1,181,857)	-	(1,181,857)
Transfer of shares (e) (f)	1,181,857	-	231,053	1,412,910
Capital gain and/or loss (d)	(3,468)	(1,431)	1,063	(3,836)
Dividends and interest on capital	(165,764)	(287,629)	(104,873)	(558,266)
Upstream effect of the reversal of unclaimed dividends	306	106	-	412
Share of profit of investees (a)	398,229	233,297	292,385	923,911
Equity adjustment - upstream effects (c)	12,040	18,993	9,193	40,226
Gains and (losses) not realized in financial assets available for sale	14,379	16,861	9,181	40,421
Actuarial losses on defined benefit pension plan	(2,595)	(1,448)	12	(4,031)
Capital gain	256	3,580	-	3,836
Balance as at 12/31/2017	**3,594,022**	**1,278,778**	**1,680,762**	**6,553,562**
Capital increase (b)	41,894	38,333	90,389	170,616
Capital gain and/or loss (d)	(6)	-	(325)	(331)
Dividends and interest on capital	(200,943)	(46,062)	(106,341)	(353,346)
Share of profit of investees (a)	543,559	184,467	321,184	1,049,210
Equity adjustment - upstream effects (c)	3,997	1,065	2,806	7,868
Gains and (losses) not realized in financial assets available for sale	4,955	1,701	2,996	9,652
Unrealized actuarial losses on defined benefit pension plan, net of gains	(1,200)	(725)	(190)	(2,115)
Capital gain and/or loss	242	89	-	331
Balance as at 12/31/2018	**3,982,523**	**1,456,581**	**1,988,475**	**7,427,579**

			Company	
				2018
Description	**SALIC**	**SAEPAR**	**CIA. SAÚDE**	**Total**
Assets	9,373,835	1,535,622	10,880,548	
Liabilities	4,025,317	79,041	5,090,709	
Shareholders' equity	5,348,518	1,456,581	5,789,839	
Net revenue	3,567,777	34,478	15,521,785	
Net income	730,439	184,467	943,516	
Share of profit of investees (%)	74.42%	100.00%	34.40%	
Carrying amount of investment	3,980,554	1,456,581	1,988,475	**7,425,610**
Goodwill	1,969	-	-	**1,969**
Number of common shares	119	2,925	23,581,362	
Number of preferred shares	236	-	6,520,813	

			Company	
				2017
Description	**SALIC**	**SAEPAR**	**CIA. SAÚDE**	**Total**
Assets	8,749,576	1,344,910	9,406,518	
Liabilities	3,919,236	66,132	4,521,847	
Shareholders' equity	4,830,340	1,278,778	4,884,671	
Net revenue	3,358,752	36,293	13,581,731	
Net income	601,571	233,297	894,297	
Share of profit of investees (%)	74.36%	100.00%	34.41%	
Carrying amount of investment	3,592,053	1,278,778	1,680,762	**6,551,593**
Goodwill	1,969	-	-	**1,969**
Number of common shares	116	2,841	22,474,435	
Number of preferred shares	235	-	6,158,611	

(a) The non-controlling interest recorded in the Company's profit or loss comprises the adjustments to the equity of its investees as a result of the harmonization of accounting policies, when necessary;

(b) The Company increased the capital of SAEPAR with interest on capital on April 27, in the amount of R$38,333, with the issue of 83 new common shares, all registered, with no par value, at the issue price of R$461,846.80 (reais) per share. The Company increased the capital of CIA SAÚDE with interest on capital on December 18, 2018, in the amount of R$27,700, with the issue of 326,700 new common shares and 106,901 new preferred shares, all registered, with no par value, at the issue price of R$63.88 (reais) per share. The Company increased the capital of CIA SAÚDE with interest on capital on September 25, 2018, in the amount of R$34,989, with the issue of 429,060 new common shares and 140,394 new preferred shares, all registered, with no par value, at the issue price of R$61.44 (reais) per share. The Company increased the capital of CIA SAÚDE with interest on capital on May 21, 2018, in the amount of R$27,700, with the issue of 351,167 new common shares and 114,907 new preferred shares, all registered, with no par value, at the issue price of R$59.43 (reais) per share. The Company increased the capital of SALIC with interest on capital on March 29, 2018, in the amount of R$41,894, with the issue of three new common shares and one new preferred share, all registered, with no par value, at the issue price of R$10,473,453.62 (reais) per share. The Company increased the capital of SALIC and SAEPAR with interest on capital on April 18, 2017, in the amounts of R$38,628 and R$59,620, respectively, with the issue of two new common shares and two new preferred shares in SALIC, all registered, with no par value, at the issue price of R$9,656,878.90 (reais) per share, and 66 new common shares in SAEPAR, all registered, with no par value, at the issue price of R$903,326.65 (reais) per share. On December 22, 2017, the Company increased the capital of CIA. SAÚDE with interest on capital, in the amount of R$23,498, with the issue of 304,450 new common shares and 99,620 new preferred shares, all registered, with no par value, at the issue price of R$58.15 (reais) per share;

(c) Refer to amounts of subsidiaries and associates, which affect the parent company upstream, in the moment of the recognition of the non-controlling interest. They comprise the following: (1) unrealized gains and/or losses of financial assets classified into available for sale, which affect the equity of subsidiaries; (2) gains and/or losses recorded because of the change in the interest in companies in which the subsidiaries invest; and (3) actuarial gains and/or losses related to defined benefit plans of the management members of subsidiaries, recorded according to the provisions of CPC 33 – Employee Benefits;

(d) Refer to capital gains and/or losses on the direct investments of the Company, where the change in investment occurred disproportionally, changing the ownership interest of the Company in the investee;

(e) On August 23, 2017, SAEPAR reduced its capital by R$1,181,857,at carrying amount, as at the base date July 31, 2017, because it was considered excessive, without changing the number of shares comprising capital, and it was settled with the transfer of 120 preferred shares in the subsidiary SALIC by SAEPAR to the Company; and

(f) The increase in the ownership interest held in the subsidiary CIA. SAÚDE was made by the distribution of the interim dividends approved by SAEPAR on August 21, 2017, in the amount of R$231,053, at carrying amount, being settled by the transfer of the totality of shares that SAEPAR held in CIA. SAÚDE, comprising 3,116,899 common shares and 1,110,941 preferred shares.

13.2. Consolidated

Description	2018	2017
Share of profit of investees		
Original amount	94,572	121,808
Goodwill	1,106	1,106
Real estate investments	1,984	7,619
Other	1,760	1,684
Total	**99,422**	**132,217**

13.2.1. Ownership interests

The following investments in associates are shown in the consolidated financial statements:

	Caixa Capitalização S.A. - CAIXACAP	Sharecare Brasil Serviços de Consultoria LTDA	Total
Balance as at 01/01/2017	**97,449**	**7,572**	**105,021**
Share of profit of investees	33,829	7,445	41,274
Equity adjustment - Gains and (losses) not realized in financial assets available for sale	11,949	-	11,949
Additional dividends paid	(22,498)	(4,320)	(26,818)
Proposed dividends	(7,899)	(613)	(8,512)
Balance as at 12/31/2017	**112,830**	**10,084**	**122,914**
Share of profit of investees	32,235	3,449	35,684
Equity adjustment - Gains and (losses) not realized in financial assets available for sale	(1,626)	-	(1,626)
Addtional dividends paid	-	(1,454)	(1,454)
Additional dividends	(8,284)	-	(8,284)
Interim dividends	(51,556)	-	(51,556)
Balance as at 12/31/2018	**83,599**	**12,079**	**95,678**

	2018		
Description	Caixa Capitalização S.A. - CAIXACAP	Sharecare Brasil Serviços de Consultoria LTDA	Total
Assets	3,396,211	28,786	
Liabilities	3,056,203	6,391	
Shareholders' equity	340,008	22,395	
Net revenue	1,399,268	76,217	
Net income	142,342	7,039	
Share of profit of investees (%)	24.50%	49.00%	
Carrying amount of investment	83,599	10,973	94,572
Goodwill	-	1,106	1,106
Number of common shares / quotas	1,960	5,079,665	

	2017		
Description	Caixa Capitalização S.A. - CAIXACAP	Sharecare Brasil Serviços de Consultoria LTDA	Total
Assets	3,306,743	27,259	
Liabilities	2,858,197	8,938	
Shareholders' equity	448,546	18,321	
Net revenue	1,212,831	68,282	
Net income	135,749	15,194	
Share of profit of investees (%)	24.50%	49.00%	
Carrying amount of investment	112,830	8,978	121,808
Goodwill	-	1,106	1,106
Number of common shares	1,960	5,079,665	

14. Intangible assets

As at December 31, 2018, in the consolidated financial statements, Intangible Assets are represented as shown in the following table:

	Consolidated			
	Software development and license costs (a)	Goodwill (b)	Other	Total
Cost				
Balance as at 01/01/2017	**294,554**	**46,779**	**3**	**341,336**
Addition	50,057	-	-	50,057
Write-Off	(7,269)	-	-	(7,269)
Balance as at 12/31/2017	**337,342**	**46,779**	**3**	**384,124**
Accumulated amortization				
Balance as at 01/01/2017	**(138,607)**	**-**	**-**	**(138,607)**
Write-Off	6,365	-	-	6,365
Amortization	(34,572)	-	-	(34,572)
Balance as at 12/31/2017	**(166,814)**	**-**	**-**	**(166,814)**
Residual balance as of 12/31/2017	**170,528**	**46,779**	**3**	**217,310**
Estimated economic life	5 and 10 years			

	Consolidated			
	Software development and license costs (a)	Goodwill (b)	Other	Total
Cost				
Balance as at 12/31/2017	**337,342**	**46,779**	**3**	**384,124**
Addition	67,046	-	-	67,046
Write-Off	(11,162)	-	-	(11,162)
Other	-	-	-	-
Acquisition of subsidiary (c)	2,052	15,456	-	17,508
Balance as at 12/31/2018	**395,278**	**62,235**	**3**	**457,516**
Accumulated amortization				
Balance as at 12/31/2017	**(166,814)**	**-**	**-**	**(166,814)**
Write-Off	10,357	-	-	10,357
Amortization	(32,622)	-	-	(32,622)
Other	82	-	-	82
Balance as at 12/31/2018	**(188,997)**	**-**	**-**	**(188,997)**
Residual balance as of 12/31/2018	**206,281**	**62,235**	**3**	**268,519**
Estimated economic life	5 and 10 years			

(c) Acquisition of subsidiary, according to note 4.

(a) Software development and license costs

Mainly represent expenditures with the development of technology infrastructure, applications, improvements in the website of Sul América companies and operations, development of own systems, and expenditures with the acquisition of software licenses used in operations.

(b) Goodwill

The goodwill amounts recognized in SulAmérica refer to the following transactions:

- Goodwill arising from the acquisition of non-controlling interests in SALIC by SASA, in 1991, in the amount of R$1.970;
- Goodwill arising from the acquisition by subsidiary SAEPAR of non-controlling interests in SALIC, in the public offering of shares carried out in 2008, in the amount of R$14,509;
- Goodwill arising from the acquisition of the company Dental Plan by the subsidiary CIA. SAÚDE in 2010, in the amount of R$30,300; Dental Plan was later on acquired by SULAODONTO; and
- Goodwill arising from the acquisition of DOCWAY by the subsidiary SAEPAR, in the amount of R$15,456.

The Company tests for impairment the new goodwill amount in relation to all goodwill, by evaluating the value in use annually or when there are indications of impairment. The key assumptions on which the Company based its future cash flow projections and exercised its judgment are the projections of operational results for five years, based on the growth rate in the current year. The flows are based on the strategic plans approved by the Company's Board of Directors. The analysis of impairment loss was made by the discounted future cash flow model. The Company's Management concluded that there was no impairment of goodwill as at December 31, 2018 and 2017.

15. Accounts payable

		Company		Consolidated	
Description	**Notes**	**2018**	**2017**	**2018**	**2017**
Trade payables	15.1	215,240	185,026	502,947	443,387
Labor liabilities		-	-	54,000	52,790
Taxes and contributions payable	15.2	35,195	37,638	361,034	295,131
Saving bonds	17.2	-	-	662,022	624,900
Managed health		-	-	247,608	219,573
Other trade payables	15.3	1,064	13,206	144,169	102,671
Total		**251,499**	**235,870**	**1,971,780**	**1,738,452**
Current		**251,499**	**235,870**	**1,934,883**	**1,705,982**
Non-current		**-**	**-**	**36,897**	**32,470**

15.1. Obligations payable

	Company		Consolidated	
Description	**2018**	**2017**	**2018**	**2017**
Tax refinance - REFIS	-	-	58,077	64,525
Dividends and interest on capital payable	214,977	184,940	214,977	185,751
Profit sharing	-	-	88,091	75,366
Fees and bonus payable	-	-	63,650	49,443
Private pension	-	-	14,555	14,400
Others	263	86	63,597	53,902
Total	**215,240**	**185,026**	**502,947**	**443,387**
Current	**215,240**	**185,026**	**478,499**	**413,079**
Non-current	**-**	**-**	**24,448**	**30,308**

REFIS

In November 2009, the subsidiary SULACAP (acquired in April 2013) joined REFIS, established by Act No. 11.941/2009, in order to pay the principal amounts due mainly related to COFINS, CSLL and IRPJ in installments, which were in dispute at either administrative or judicial levels. The total amount of obligations on adherence date was R$20,411, net of the reduction of expected benefits. The installment plan estimates the payment in up to 180 equal and monthly installments, monthly adjusted based on the SELIC rate variation.

In December 2013, the subsidiaries SULACAP, CIA. SAÚDE, SULASEG and SALIC joined a new version of REFIS, established by Act No. 12.865/2013, in order to pay in 30 installments and settle with escrow deposit the amounts related to CSLL, IRPJ, INSS and fines imposed by the ANS, and refund to the Unified Health System (SUS), which were in dispute at either administrative and/or judicial levels. The total amount of obligations on the adherence date was R$66,338, net of the reduction of expected benefits, which includes the amount of R$14,204, recorded in current liabilities that shall be paid by the conversion into income of the INSS-related escrow deposits and fines imposed by the ANS, and refund to the Unified Health System (SUS). In April 2016, CSLL deposits of CIA SAÚDE in the amount of R$ 4,159 were converted into income. On April 29, 2016, SULACAP, CIA. SAÚDE and SALIC settled the last installment. Only the conversion into income of proceedings 201151010139791 of SULACAP's CSLL and the INSS proceedings, the fines imposed by the ANS and reimbursement to SUS are pending.

In July 2014, the subsidiaries SANTA CRUZ, SALIC and CIA SAÚDE adhered to the reopening of the REFIS established by Act No. 12.973/2014, aimed at paying in cash and with escrow deposits, the amounts related to the IRPJ and CSLL, which were in dispute at either administrative and/or judicial level. The total amount of R$ 8,347 included on the adherence date (net of reduction of expected benefits) shall be paid by means of conversion into income of the recorded escrow deposits. The escrow deposits related to the proceedings No. 9700881067 of subsidiary SANTA CRUZ were already converted into income and withdrawn, and, accordingly, the amounts were fully written-off. In relation to the subsidiary CIA. SAÚDE, the deposits have already been converted into income and partially withdrawn, and only the withdrawal of the remaining balance of this proceedings is pending. In relation to the proceedings No. 9600191948, the subsidiaries SALIC, SANTA CRUZ and CIA. SAÚDE are waiting for the conversion into income, and withdrawal of deposited amounts.

On November 16, 2017, the subsidiaries SULAMED and CIA. SAÚDE adhered to the Program of Regularization of Non-Tax Debits (PRD) established by the Provisional Measure (MP) 780, converted into Act No. 13.494/2017, with the scope for the installment payment of the amounts related to the debits arising from the fines imposed by the ANS, which were in dispute in the administrative and judicial levels. The installment payment program provides for the payment of 60 monthly and successive installments, monthly adjusted by the change in the country's base rate (SELIC), the first installment payment corresponding to 20% of the consolidated debt, with no reduction, and the installment payment of the remaining balance with a 60% reduction on interests and late payment fine. The total amount on adherence date was R$17,565, and it will be paid by means of monthly issued payment forms.

As at December 31, 2018, the total obligations related to the tax refinance program are recorded in the line item "Accounts payable", of which R$33,628 (R$34,217 in 2017) in current liabilities and R$24,449 (R$30,308 in 2017) in non-current liabilities.

15.2. Taxes and contributions

	Company		Consolidated	
Description	**2018**	**2017**	**2018**	**2017**
Corporate income tax - IRPJ	1,168	1,958	52,781	13,340
Withholding income tax	23,507	7,211	42,516	58,531
Financial operations tax - IOF	-	-	82,821	78,129
Service tax - ISS	-	-	41,282	39,552
Social contribution on net income - CSLL	423	714	45,781	5,522
PIS and COFINS	9,956	27,631	39,009	58,661
Other	141	124	56,844	41,396
Total	**35,195**	**37,638**	**361,034**	**295,131**
Current	**35,195**	**37,638**	**361,034**	**295,131**

15.3. Other accounts payable

	Company		Consolidated	
Description	**2018**	**2017**	**2018**	**2017**
Trade payables - Suppliers	536	12,604	43,082	33,434
Securities payable	-	-	13,168	221
Trade payables - Exclusive funds	-	-	21,353	11,580
Sundry accounts payable	528	602	66,566	57,436
Total	**1,064**	**13,206**	**144,169**	**102,671**
Current	**1,064**	**13,206**	**134,337**	**102,500**
Non-current	**-**	**-**	**9,832**	**171**

16. Loans and financing

The breakdown of loans and financing balances of the Company and their main characteristics are as follows:

	Company		Consolidated	
Description	**2018**	**2017**	**2018**	**2017**
CCB - Banco do Brasil (a)	161,476	160,612	161,476	160,612
Debentures (b)	1,307,281	1,426,176	1,307,281	1,426,176
Acquisition costs	(3,049)	(5,346)	(3,049)	(5,346)
Financial lease (c)	-	-	5,227	3,091
Total	**1,465,708**	**1,581,442**	**1,470,935**	**1,584,533**
Current	**443,639**	**298,826**	**447,779**	**299,988**
Non-current	**1,022,069**	**1,282,616**	**1,023,156**	**1,284,545**

(a) Bank Credit Note (CCB) – Banco do Brasil

Characteristics	**CCB Banco do Brasil**
Amount of securities	R$200,000
Issue date	12/29/2015
Final maturity (a)	01/10/2021
Inflation adjustment	Without adjustment
Interests (a)	113.0% CDI
Interest payment	Three-month period
Amortization	10% in the first year. 10% in the second year and 80% in maturity
Collateral	No collaterals

(a) Change in the maturity date and interest rate because of the renegotiation of the CCB on March 1, 2018.

(b) Debentures

Characteristics	3rd Issue 1st Series	3rd Issue 2nd Series	4rd Issue 1st Series	4rd Issue 2nd Series	5rd Issue Single series
Convertibility	Simple nonconvertible debentures		Simple nonconvertible debentures		Simple nonconvertible debentures
Sort	Unsecured		Unsecured		Unsecured
Type and form	Registered and book debentures, without issue of certificates or receipts		Registered and book debentures, without issue of certificates or receipts		Registered and book debentures, without issue of certificates or receipts
Amount of securities	37,000 simple debentures	13,000 simple debentures	206,320 simple debentures	293,680 simple debentures	500,000 simple debentures
Face value	10	10	1	1	1
Issue date	May 16, 2014	May 16, 2014	December 13, 2016	December 13, 2016	October 27, 2017
Initial maturity	May 15, 2017	May 15, 2020	Single installment	December 13, 2019	October 27, 2021
Final maturity	May 15, 2019	May 15, 2022	December 13, 2019	December 13, 2021	October 27, 2022
Monetary adjustment	Without adjustment	IPCA	Without adjustment	Without adjustment	Without adjustment
Interests	108.25% CDI	7.41% p.a.	111.70% CDI	114.00% CDI	108.00% CDI
Interest payment	Six-month periods	Annual	Six-month periods	Six-month periods	Six-month periods
Amortization	In three annual installments	In three annual installments	In one installment	In three annual installments	In two annual installments
Amortization dates	2017, 2018 and 2019	2020, 2021 and 2022	2019	2019, 2020 and 2021	2021 and 2022
Renegotiation	None	None	None	None	None
Early redemption	Only through the voluntary early redemption offer	Only through the voluntary early redemption offer	Only through the voluntary early redemption offer	Only through the voluntary early redemption offer	Only through the voluntary early redemption offer
Voluntary Early Redemption Offer	The Company can perform it at any time	The Company can perform it at any time	The Company can perform it at any time	The Company can perform it at any time	The Company can perform it at any time

(c) Finance lease

In July 2016, the Company entered into a finance lease on software and data processing equipment in the amount of R$5,457 for the period of 42 months, without guarantees and at an interest rate of 16% p.a. In September 2017, it entered into another finance lease on software and data processing equipment in the amount of R$3,952 for the period of 36 months, without guarantees and payments adjusted by the IGP-M p.a, however, the asset was only effectively transferred in January 2018.

16.1. Change in loans and financing

Issue	Series	Balance as at 01/01/2017	Funding	Interest paid	Principal amortization	Interest expenses and transaction cost	Balance as at 12/31/2017
1st Issue	Sole Series	176,368	-	(12,140)	(166,700)	2,472	-
3rd Issue	1st series	376,595	-	(36,322)	(123,321)	31,929	248,881
3rd Issue	2nd series	164,701	-	(11,723)	-	16,364	169,342
4th Issue	1st series	207,727	-	(23,242)	-	22,506	206,991
4th Issue	2nd series	295,724	-	(33,783)	-	32,715	294,656
5th Issue	Sole Series	-	500,000	-	-	6,306	506,306
CCB	-	181,424	-	(19,967)	(20,000)	19,155	160,612
Finance lease	-	4,090	-	(601)	(999)	601	3,091
Transaction cost	-	(6,227)	(1,660)	-	-	2,541	(5,346)
Total		**1,400,402**	**498,340**	**(137,778)**	**(311,020)**	**134,589**	**1,584,533**

Issue	Series	Balance as at 12/31/2017	Funding	Interest paid	Principal amortization	Interest expenses and transaction cost	Balance as at 12/31/2018
3rd Issue	1st series	248,881	-	(12,861)	(123,321)	11,648	124,347
3rd Issue	2nd series	169,342	-	(12,046)	-	18,490	175,786
4th Issue	1st series	206,991	-	(14,647)	-	14,601	206,945
4th Issue	2nd series	294,656	-	(21,286)	-	21,219	294,589
5th Issue	Sole Series	506,306	-	(34,896)	-	34,204	505,614
CCB	-	160,612	-	(10,460)	-	11,324	161,476
Finance lease	-	3,091	3,952	(555)	(2,042)	781	5,227
Transaction cost (a)	-	(5,346)	(560)	-	-	2,857	(3,049)
Total		**1,584,533**	**3,392**	**(106,751)**	**(125,363)**	**115,124**	**1,470,935**

(a) The transaction cost of R$(560) is due to CCB renegotiation.

16.2. Fair Value– Debentures

The following table shows the market value of Debentures as at December 31, 2018 and 2017, according to the unit price (PU) in the secondary market released by ANBIMA.

Debentures			**2018**		**2017**
Issue	Series	Fair value	Interest rate	Fair value	Interest rate
3rd Issue	1st series	124,426	105.51% CDI	249,177	106.18% CDI
3rd Issue	2nd series	188,074	IPCA + 4.17% p.a.	179,353	IPCA + 5.34% p.a.
4th Issue	1st series	207,605	106.36% CDI	208,341	107.10% CDI
4th Issue	2nd series	297,439	106.67% CDI	298,227	108.61% CDI
5th Issue	Sole series	504,949	108.57% CDI	506,306	-
Total		**1,322,493**		**1,441,404**	

16.3. Covenants

Under the debt acceleration clauses contained in the debenture indentures and in the CCB contract, the Company is required to maintain certain financial ratios within the limits previously set out by financial covenants. The following table shows the financial covenants with which the Company is required to comply.

Description of covenants	**Required ratio**
Financial ratio I - Net financial debt	Equal to or lower than twice the cash inflow
Financial ratio II - Cash inflow	Equal to or above four times the net financial income
Financial ratio III - Cash inflow	Equal to or above zero

Net financial debt: financial liabilities less cash, cash equivalents, and marketable securities, net of the technical reserves to be covered.

Cash generation: profit or loss before taxes on profit less depreciation and amortization.

All the required financial ratios were properly complied with as at December 31, 2018 and 2017.

17. Savings bonds

The savings bonds operation is considered in the accompanying financial statements as financial instruments, according to the CPC 38/IAS 39. The amounts that correspond to the operation are as follows:

		Consolidated	
Description	**Note**	**2018**	**2017**
Receivables	**17.1**	**8,473**	**14,232**
Provisions	**17.2**	**662,022**	**624,900**
Draws		51,489	57,737
Redemption		601,582	558,787
Other		8,951	8,376

17.1. Receivables by maturity

	Consolidated	
Description	**2018**	**2017**
Falling due		
Falling due from 01 to 30 days	5,213	6,063
Falling due from 31 to 60 days	2,595	7,472
Total falling due	**7,808**	**13,535**
Overdue		
Overdue from 01 to 30 days	496	640
Overdue from 31 to 60 days	169	57
Overdue after 60 days	177	175
Total	**842**	**872**
Impairment	**(177)**	**(175)**
Overdue total	**665**	**697**
Total	**8,473**	**14,232**

17.2. Change in reserves

	Consolidated		
	Reserve for redemption	Reserve for draws	Total
Balance as at 01/01/2017	**534,842**	**58,866**	**593,708**
Increase	671,955	89,789	761,744
Payment	(674,157)	(87,844)	(762,001)
Early redemption	(2,307)	-	(2,307)
Expired/ penalties	(1,012)	(3,210)	(4,222)
Reversion	(4,961)	(434)	(5,395)
Inflation/interest adjustment	34,427	570	34,997
Subtotal	**558,787**	**57,737**	**616,524**
Other			**8,376**
Balance as at 12/31/2017			**624,900**
Current			**624,900**

	Consolidated		
	Reserve for redemption	Reserve for draws	Total
Balance as at 12/31/2017	**558,787**	**57,737**	**616,524**
Increase	666,539	49,256	715,795
Payment	(647,625)	(48,017)	(695,642)
Early redemption	(2,420)	-	(2,420)
Expired/ penalties	(1,148)	(6,888)	(8,036)
Reversion	(5,943)	(719)	(6,662)
Inflation/interest adjustment	33,392	120	33,512
Subtotal	**601,582**	**51,489**	**653,071**
Other			**8,951**
Balance as at 12/31/2018			**662,022**
Current			**662,022**

18. Liabilities of insurance and reinsurance

		Consolidated	
Description	Note	2018	2017
Insurance			
Refund premiums		6,543	3,086
Insurance companies		13,050	11,436
Insurance brokers	18.1	103,886	101,506
Third-party deposits	18.2	43,412	44,179
Other operating debits		179,534	119,579
Subtotal		**346,425**	**279,786**
Reinsurance			
Reinsurance companies	11.2	12,752	10,157
Subtotal		**12,752**	**10,157**
Total		**359,177**	**289,943**
Current		**359,177**	**289,943**

18.1. Insurance brokers

	Consolidated	
Description	2018	2017
Direct insurance and retrocession	88,313	86,169
Direct insurance - RVNE	11,887	10,836
Accepted coinsurance	3,217	3,784
Other	469	717
Total	**103,886**	**101,506**
Current	**103,886**	**101,506**

18.2. Third-party deposits

Third-party deposits are amounts collected by banks and reported to SulAmérica, the policies of which are in the writing process or the premium installments received are in the adjustment or identification process. The adjustment process is applicable to bills received at diverging amounts or data.

	Consolidated 2018				
Description	**Direct premium**	**Coinsurance**	**Saving bonds**	**Private pension**	**Total**
From 01 to 30 days	12,555	-	2,670	3,161	18,386
From 31 to 60 days	4,562	-	42	478	5,082
From 61 to 120 days	4,437	-	590	1,228	6,255
From 121 to 180 days	3,938	-	36	928	4,902
From 181 to 365 days	1,869	-	61	307	2,237
Over 365 days	5,854	1	1	694	6,550
Total	**33,215**	**1**	**3,400**	**6,796**	**43,412**

	Consolidated 2017				
Description	**Direct premium**	**Coinsurance**	**Saving bonds**	**Private pension**	**Total**
From 01 to 30 days	16,178	-	1,369	4,477	22,024
From 31 to 60 days	3,496	-	294	73	3,863
From 61 to 120 days	4,576	4	104	470	5,154
From 121 to 180 days	3,637	-	43	4,503	8,183
From 181 to 365 days	979	2	-	441	1,422
Over 365 days	3,204	329	-	-	3,533
Total	**32,070**	**335**	**1,810**	**9,964**	**44,179**

19. Technical reserves for insurance

		Consolidated	
Description	**Note**	**2018**	**2017**
Technical reserve			
Insurance		6,016,036	5,508,709
Health	19.1	3,046,744	2,684,350
Property and casualty	19.2	2,615,474	2,484,710
Life and private pension	19.3	353,818	339,649
Private pension	19.5	7,156,162	6,239,375
Total		**13,172,198**	**11,748,084**
Current		**7,041,023**	**6,422,085**
Non-current		**6,131,175**	**5,325,999**

19.1. Health line

			Consolidated	
	Unearned premium reserve	**Reserve for claims and IBNR reserve**	**Mathematical reserve for benefit granted**	**Total**
Balance as at 01/01/2017	**277,745**	**2,013,487**	**46,262**	
Issuance	14,837,679	-	-	
Payments/ write-off / cancellation	(963,273)	(10,858,304)	(3,487)	
Earned premium	(13,827,736)	-	-	
Reported / changes	-	11,011,194	6,805	
Inflation adjustment / interest	-	3,583	2,828	
Changes in IBNR	-	137,567	-	
Balance as at 12/31/2017	**324,415**	**2,307,527**	**52,408**	**2,684,350**
Current				**2,629,645**
Non-current				**54,705**

	Consolidated			
	Unearned premium reserve	Reserve for claims and IBNR reserve	Mathematical reserve for benefit granted	Total
Balance as at 12/31/2017	**324,415**	**2,307,527**	**52,408**	
Issuance	16,887,736	-	-	
Payments/ write-off / cancellation	(1,123,602)	(12,329,478)	(2,209)	
Earned premium	(15,707,002)	-	-	
Reported / changes	-	12,449,587	56	
Inflation adjustment / interest	-	4,228	3,067	
Changes in IBNR	-	180,011	-	
Balance as at 12/31/2018	**381,547**	**2,611,875**	**53,322**	**3,046,744**
Current				**2,983,626**
Non-current				**63,118**

19.2. Property and casualty line

	Consolidated		
	Unearned premium reserve	Reserve for claims and IBNR reserve	Total
Balance as at 01/01/2017	**1,790,320**	**758,650**	
Issuance	3,633,709	-	
Payments/write-off / cancellation	(326,934)	(1,975,756)	
Earned premium	(3,333,446)	-	
Reported / changes	-	1,979,044	
Inflation adjustment / interest	-	24,757	
Changes in IBNR	-	(65,634)	
Balance as at 12/31/2017	**1,763,649**	**721,061**	**2,484,710**
Current			**2,298,584**
Non-current			**186,126**

	Consolidated		
	Unearned premium reserve	Reserve for claims and IBNR reserve	Total
Balance as at 12/31/2017	**1,763,649**	**721,061**	
Issuance	3,918,968	-	
Payments/write-off / cancellation	(293,906)	(2,416,376)	
Earned premium	(3,524,099)	-	
Reported / changes	-	2,412,578	
Inflation adjustment / interest	-	32,171	
Changes in IBNR	-	1,428	
Balance as at 12/31/2018	**1,864,612**	**750,862**	**2,615,474**
Current			**2,397,988**
Non-current			**217,486**

19.3. Life line

The information on the technical reserves for the life line is shown below, without private pension, which is presented separately in Note 19.5 in view of its particularities:

	Consolidated			
	Unearned premium reserve	Reserve for claims and IBNR reserve	Mathematical reserve for benefits to be granted	Total
Balance as at 01/01/2017	**30,389**	**231,467**	**10,411**	
Issuance	519,425	-	-	
Reported, net of payments and cancellations	(89,704)	28,103	67	
Earned premium	(435,161)	-	-	
Inflation adjustment / interest	-	14,501	-	
Changes in IBNR	-	(31,082)	-	
Subtotal	**24,949**	**242,989**	**10,478**	**278,416**
Other				**61,233**
Balance as at 12/31/2017				**339,649**
Current				**178,759**
Non-current				**160,890**

	Consolidated			
	Unearned premium reserve	Reserve for claims and IBNR reserve	Mathematical reserve for benefits to be granted	Total
Balance as at 12/31/2017	**24,949**	**242,989**	**10,478**	
Issuance	554,285	-	-	
Reported, net of payments and cancellations	(62,158)	6,955	(203)	
Earned premium	(494,148)	-	-	
Inflation adjustment / interest	-	14,706	-	
Changes in IBNR	-	(3,068)	-	
Subtotal	**22,928**	**261,582**	**10,275**	**294,785**
Other				**59,033**
Balance as at 12/31/2018				**353,818**
Current				**189,803**
Non-current				**164,015**

19.4. Claims disputed in court

As at December 31, 2018 and 2017, the Outstanding Claims Reserve comprises claims that are being disputed in court, principally related to denial of coverage for non-fulfillment of contract conditions, related mainly to the auto and life lines. The position shown below does not include the IBNR Reserve for Lawsuits, which is recorded in a separate IBNR line item.

			Consolidated			
			Health			Health
			2018			2017
Description	Quantity	Opening balance	Accrued amount	Quantity	Opening balance	Accrued amount
Up to 2 years	4,787	11,641	13,040	4,153	9,296	10,149
2 to 5 years	1,423	11,826	13,211	950	11,011	11,939
5 to 10 years	433	13,172	14,201	317	8,150	8,750
Over 10 years	52	3,145	3,572	57	4,457	4,910
Total Health	**6,695**	**39,784**	**44,024**	**5,477**	**32,914**	**35,748**
			Property and casualty			Property and casualty
			2018			2017
Description	Quantity	Opening balance	Accrued amount	Quantity	Opening balance	Accrued amount
Up to 2 years	3,295	144,540	65,412	3,151	109,653	47,834
2 to 5 years	1,694	139,152	70,480	1,598	131,042	64,090
5 to 10 years	894	124,832	71,742	791	96,678	51,591
Over 10 years	393	107,267	68,386	370	78,477	54,490
Total Property and casualty	**6,276**	**515,791**	**276,020**	**5,910**	**415,850**	**218,005**
			Life and private pension			Life and private pension
			2018			2017
Description	Quantity	Opening balance	Accrued amount	Quantity	Opening balance	Accrued amount
Up to 2 years	1,062	72,385	20,919	1,106	72,549	23,344
2 to 5 years	1,064	103,968	38,179	1,028	112,570	39,542
5 to 10 years	504	76,628	34,502	406	62,336	28,755
Over 10 years	186	62,807	33,323	175	51,645	28,588
Total Life and private pension	**2,816**	**315,788**	**126,923**	**2,715**	**299,100**	**120,229**
Total	**15,787**	**871,363**	**446,967**	**14,102**	**747,864**	**373,982**

As at December 31, 2018, the amount being disputed in civil lawsuits, for which there is no provision and the likelihood of loss is considered “possible”, is R$131,291 (R$113,276 in 2017), gross of reinsurance. The reinsurance amount of these claims is R$49,046 (R$40,247 in 2017). Therefore, the residual amount in dispute is R$82,245 (R$73,029 in 2017).

19.5. Private pension

	Consolidated			
	Mathematical reserve for benefits to be granted	Mathematical reserve for benefit granted	Contribution deficiency reserve	Total
Balance as at 01/01/2017	**5,472,898**	**439,964**	**174,330**	
Recognition / (reversal)	521,823	11,470	(11,710)	
Incoming portability	243,729	-	-	
Outgoing portability	(453,569)	-	-	
Redemptions	(592,572)	-	-	
Benefits	-	(98,633)	-	
Transfers	(81,685)	81,685	-	
Inflation adjustment / interest	488,135	21,650	8,316	
Subtotal	**5,598,759**	**456,136**	**170,936**	**6,225,831**
Other				**13,544**
Balance as at 12/31/2017				**6,239,375**
Current				**1,315,097**
Non-current				**4,924,278**

	Consolidated			
	Mathematical reserve for benefits to be granted	Mathematical reserve for benefit granted	Contribution deficiency reserve	Total
Balance as at 12/31/2017	**5,598,759**	**456,136**	**170,936**	
Recognition / (reversal)	583,597	24,310	(6,482)	
Incoming portability	667,579	-	-	
Outgoing portability	(396,013)	-	-	
Redemptions	(392,487)	-	-	
Benefits	-	(93,642)	-	
Transfers	(66,163)	66,163	-	
Inflation adjustment / interest	431,443	68,834	25,011	
Subtotal	**6,426,715**	**521,801**	**189,465**	**7,137,981**
Other				**18,181**
Balance as at 12/31/2018				**7,156,162**
Current				**1,469,606**
Non-current				**5,686,556**

19.6. Guarantee of technical reserves

This note shows the balances of technical reserves recognized in the subsidiaries regulated by SUSEP and ANS, without the adjustments of the accounting practices adopted in the accompanying financial statements. The objective of this note is only to show the regulatory obligation of such companies, from a consolidated perspective.

The assets offered as guarantee of such technical reserves are recorded in clearinghouses in the technical reserve account. In the case of companies regulated by SUSEP, the inspection body authorizes the insurance company to hold them without restriction every year. The companies regulated by ANS, except SULAMED, still do not have authorization for trading freely, accordingly, these assets may only be traded with the ANS' prior authorization.

	Consolidated	
Description	**2018**	**2017**
Technical reserves to be covered, net of reducing assets	**12,527,870**	**11,142,118**
Fixed income securities – Government	9,932,196	9,073,259
Fixed income securities – Private	2,178,313	2,223,197
Equity securities	247,404	180,613
Non-exclusive investment fund quotas	408,615	348,835
Resale commitments	364,942	221,510
Other	205,963	102,407
Assets pledged as collateral	**13,337,433**	**12,149,821**
Assets pledged in excess	**809,563**	**1,007,703**

20. Provisions and escrow deposits

20.1. Escrow and tax deposits

	Company	
Description	**2018**	**2017**
Tax:		
Income tax	1,683	1,633
Subtotal	**1,683**	**1,633**
Labor	**10**	**-**
Total	**1,693**	**1,633**
Non-current	**1,693**	**1,633**

	Consolidated	
Description	**2018**	**2017**
Tax:		
COFINS	570,195	552,810
PIS	433,665	419,630
Social contribuition	676,682	665,838
Income tax	119,492	208,433
INSS (a)	429,688	444,859
Other	39,235	37,291
Subtotal	**2,268,957**	**2,328,861**
Labor	**126,605**	**118,917**
Civil lawsuits	**441,595**	**408,584**
Total	**2,837,157**	**2,856,362**
Non-current	**2,837,157**	**2,856,362**

(a) In March 2018, a court deposit in the approximate amount of R$28,627 was withdrawn, because of the favorable decision awarded in the proceedings 9600083380, which object was the INSS on medical services.

20.2. Provisions for lawsuits

As at December 31, 2018, the Company is party to lawsuits and has tax obligations amounting to R$2,535 (R$2,284 in 2017). In the consolidated balance, the position is as follows:

					Consolidated
Description	**Balance as at 01/01/2017**	**Additions**	**Inflation adjustment and interest**	**Payments / write-offs**	**Balance as at 12/31/2017**
Labor	**67,576**	**18,221**	**7,980**	**(7,381)**	**86,396**
Current					**4,811**
Non-current					**81,585**
Civil lawsuits and others:					
Civil lawsuits	253,199	146,062	31,767	(100,507)	330,521
Others	32,353	54,930	6,718	(58,674)	35,327
Lawyer's fees	26,391	18,635	-	(10,393)	34,633
Subtotal	**311,943**	**219,627**	**38,485**	**(169,574)**	**400,481**
Current					**73,441**
Non-current					**327,040**
Tax:					
PIS	282,078	174	14,707	(950)	296,009
COFINS	456,328	-	23,176	(9,330)	470,174
Income tax	163,204	2,782	9,818	(2,309)	173,495
Social contribution	538,877	30,420	43,359	(8)	612,648
INSS	335,248	-	16,941	(13,009)	339,180
Others tax claims	20,713	-	738	(20,372)	1,079
Lawyer's fees	36,900	3,464	3,305	(3,584)	40,085
Subtotal	**1,833,348**	**36,840**	**112,044**	**(49,562)**	**1,932,670**
Non-current					**1,932,670**
Total	**2,212,867**	**274,688**	**158,509**	**(226,517)**	**2,419,547**
Current					**78,252**
Non-current					**2,341,295**

					Consolidated
Description	**Balance as at 12/31/2017**	**Additions**	**Inflation adjustment and interest**	**Payments / write-offs**	**Balance as at 12/31/2018**
Labor	**86,396**	**18,782**	**5,786**	**(19,156)**	**91,808**
Current					**4,309**
Non-current					**87,499**
Civil lawsuits and others:					
Civil lawsuits	330,521	171,079	28,104	(205,547)	324,157
Others	35,327	75,471	3,926	(62,400)	52,324
Lawyer's fees	34,633	21,630	-	(22,001)	34,262
Subtotal	**400,481**	**268,180**	**32,030**	**(289,948)**	**410,743**
Current					**68,870**
Non-current					**341,873**
Tax:					
PIS	296,009	169	12,563	-	308,741
COFINS	470,174	-	14,297	-	484,471
Income tax	173,495	-	5,891	(87,836)	91,550
Social contribution	612,648	1,131	27,292	(19,089)	621,982
INSS	339,180	-	10,495	-	349,675
Others tax claims	1,079	-	344	(578)	845
Lawyer's fees	40,085	8,098	4,915	(9,093)	44,005
Subtotal	**1,932,670**	**9,398**	**75,797**	**(116,596)**	**1,901,269**
Non-current					**1,901,269**
Total	**2,419,547**	**296,360**	**113,613**	**(425,700)**	**2,403,820**
Current					**73,179**
Non-current					**2,330,641**

20.2.1. Tax obligations

The main proceedings arising from tax obligations as at December 31, 2018 and 2017 are as follows:

COFINS

The subsidiaries that have insurance and private pension operations, SALIC, SULASEG, CIA. SAÚDE and SAÚDE, acquired by CIA. SAÚDE, are challenging in court the increase in the COFINS rate by 1% (Act No. 10.684 of May 30, 2003) levied on revenue from written premiums, arising from the sale of insurance and private pension policies. In June 2018, the full session of the Federal Supreme Court (STF) considered the extraordinary appeal RE 578.846, with general repercussion, through which the constitutionality of the levy of the increased COFINS rate payable by financial institutions and insurance entities was reaffirmed. The subsidiaries are still challenging the levy of COFINS on insurance revenue (Act No. 9.718/98).

The attorneys handling these lawsuits believe that loss is probable in relation to the claim about the rate increase by 1% on insurance operations, and possible on other revenue.

The amounts challenged in the past were being deposited in court and provisioned, and the companies have been currently collecting the contribution increased by 1% levied on the revenue from operations.

Decree No. 8.426, of April 1, 2015, restored the rate of 4% of contribution to COFINS, for companies that are under the non-cumulative regime, levied on investment income, which were exempt from taxes until them. In view of this, the Company and the subsidiaries SAEPAR and SANTA CRUZ applied for Writ of Mandamus and sought injunction so that they are not submitted to such contributions on investment income. At present, the companies are collecting the contributions. The attorneys handling these cases consider that the likelihoods of loss are possible.

PIS

The insurance, private pension and savings bonds subsidiaries are challenging in court the legality of the PIS contribution levied at the rate of 0.75% on gross revenue, established by Constitutional Amendments Nos. 01/1994, 10/1996 and 17/1997. The amounts challenged are fully deposited in court. The attorneys handling these cases consider that the likelihood of loss is possible, whereas the likelihood of loss is remote in relation to the breach of the constitutional principles of precedence and non-retroactivity.

On May 24, 2013, a decision handed down by the Federal Supreme Court (STF) was published in the records of the proceedings No. 9600055696, ensuring to the companies SANTA CRUZ, SULACAP, SALIC and CIA SAÚDE the right to calculate and pay PIS, in the period from January 1996 to June 1997, according to the Complementary Act 7/1970, without abiding by the rules of the Constitutional Amendment 10/1996 and the Provisional Measure that regulated it, which is already final and unappealable.

Accordingly, in 2013, we wrote-off R$ 55,235, and initiated the necessary procedures to withdraw the escrow deposits. The other companies continue to await the decision on other lawsuits.

Decree No. 8.426, of April 1, 2015, restored the rate of 0.65% of contribution to PIS, for companies that are under the non-cumulative regime, levied on investment income, which have been exempt from taxation until then. In view of this fact, the company and subsidiaries SAEPAR and SANTA CRUZ applied for a Writ of Mandamus and sought injunction so that they are not submitted to such contributions on investment income. At present, the companies have been collecting the contributions. The attorneys handling this case consider that the likelihood of loss is possible.

IRPJ

As of January 1, 1997, in view of Act 9.316/96, the CSLL-related expenses became non-acceptable for purposes of deduction from the income tax base. In view of this legislative change, the Company and its subsidiaries SANTA CRUZ, SULASAÚDE (merged into CIA. SAÚDE), SULASEG, SALIC, SAMI, CIA. SAÚDE and SAEPAR applied for a Writ of Mandamus, and obtained injunction that allowed to make the court deposit of the amount in dispute. In May 2013, STF declared such provision constitutional, with general repercussion, declaring that such legislative change was in full compliance with the legal system, thus barring the deduction for CSLL from the IRPJ tax base. Since then, the Company no longer deduct the social contribution expense from the income tax base. Under these terms, the challenged amounts are deposited in court and fully provisioned. The subsidiaries SULASEG, SANTA CRUZ and CIA SAÚDE had the court deposits of their proceedings converted into income. The amount written-off in December 2018 was R$87,836.

The Company and its other subsidiaries are waiting for the conversion into income of the deposited amounts.

CSLL

From January 1997 to December 1998, insurance companies are required to pay CSLL at the rate of 18% on taxable profit, which was the rate applicable to financial institutions, violating the principle of isonomy. The subsidiaries that have insurance operations obtained an injunction to pay social contribution at 8%, making escrow deposits for the rate difference from the 18% required, the liability being fully accrued. The attorneys handling this case believe that loss is probable.

With the publication of Act No. 11.727/2008, the finance, insurance, private pension and savings bonds subsidiaries had their social contribution tax rate increased from May 2008 from 9% to 15%. In relation to this matter, the insurance and private pension subsidiaries and the subsidiary SAMI started to challenge the constitutionality of this increase in the rate by applying for a writ of mandamus, and accruing and making full deposits until August 2017 of the challenged amounts. From September 2017, the Companies opted for discontinuing the escrow deposits, and started to collect the challenged amounts. In view of the unfavorable decision awarded to the subsidiaries SAMI and SULACAP in the proceedings that disputed this matter, the attorneys who handle them changed the likelihood of loss regarding the other subsidiaries from possible to probable. Of the Companies who were awarded unfavorable decisions, only SAMI had the amount deposited, of R$17,694, fully converted into income.

Additionally, with the issue of article 72, III of the Temporary Constitutional Provisions Act (ADCT), with wording provided by the Constitutional Amendment No. 10/1996, the subsidiaries became subject to the collection of CSLL at the rate of 30%. Therefore, the following Writs of Mandamus were applied for: (i) 96.0011556-7 by Sul América Seguros Gerais S.A., merged into SANTA CRUZ; and (ii) 97.0002392-3 by SULASAÚDE (merged into CIA. SAÚDE). The companies are waiting for the decisions on the proceedings, which likelihood of loss is probable, being remote in relation to the violation to the constitutional principles of priority and retroactivity.

20.2.2. Provision for lawsuits

The main lawsuits as at December 31, 2018 and 2017 are the following:

INSS

The subsidiaries that have insurance, private pension and saving bonds operations are challenging in court and making related escrow deposits regarding the social security contribution on compensation paid to insurance brokers, established by Complementary Act No. 84/1996 and amended by Act No. 9.876/1999, at the rate of 20% plus 2.5%, based on the understanding that insurance brokerage services are not provided to insurance companies, but to insureds, thus not being subject to the contribution set forth in item III, Article 22, of Act No. 8.212/1991. The amounts being disputed in court have their mandatory payment suspended due to escrow deposit and were fully accrued until May 2015. The attorneys handling these cases believe that loss is probable in the proceedings.

In June 2015, CIA. SAÚDE, SALIC, SULACAP and SULASEG decided to pay INSS on payments made to brokers and to discontinue escrow deposits related to this dispute.

20.2.3. Contingent liabilities

As at December 31, 2018 and 2017, the total amount being disputed in proceedings whose likelihood of loss is classified as "possible" by the attorneys handling these lawsuits is as follows:

Description	2018	2017
Tax (a)	1,743,753	2,051,559
Civil (b)	296,239	263,657
Labor	81,597	73,352
Total	2,121,589	2,388,568

(a) The reduction in tax contingencies was mainly caused by the change in the likelihood of unfavorable decision from possible to probable, in the amount of R$594,317, in claims regarding the CSLL rate increase from 9% to 15%, in view of the unfavorable decisions in case laws. As it refers to fully provisioned legal obligations, the change did not impact the line item "Provision for Lawsuits".

In addition, of the total amount of R$1,743,753 (R$2,051,559 in 2017), the amount of R$228,764 (R$805,943 in 2017) is accrued because it basically refers to legal obligations. The portion not accrued, totaling R$1,514,989 (R$1,245,616 in 2017) consists mainly of: (i) assessment notices issued against the subsidiaries CIA. SAÚDE and SALIC, in which it is challenged the deductibility for goodwill amortization arising from the acquisition of the parent companies SLT Participações S.A. and STA Participações S.A., respectively, in calendar years 2005, 2006 and 2007; (ii) the non-approval of the offset of taxes at the administrative level; (iii) the disallowance of tax losses and income tax loss and social contribution loss carryforwards; (iv) imposition of COFINS on investment income linked to assets guaranteeing technical reserves; and (v) claim aimed at charging ISS debits arising from the supposed lack of collection of tax on the services provided in the municipality of São Paulo.

(b) In June 2018, in view of a favorable decision awarded to SulAmérica, the amount of R$ 34,236 was reversed from the line item "Provision for Lawsuits" in view of the change in the likelihood of loss from probable to possible. As a consequence, the amount was added to cases which likelihoods of loss are considered possible.

21. Related parties

The main asset and liability balances related to related party transactions, as well as transactions that influenced the profit or loss for the year, are related to transactions of the Company with its direct and indirect companies, related companies and key management personnel.

21.1. Transactions

The main transactions are:

			Company			
			Assets		Liabilities	
Description	Type	Shareholder	2018	2017	2018	2017
Sulasapar Participações S.A. (a) (b)	Shareholder	Sulasa Participações S.A.	-	-	55,009	46,827
Sul América Capitalização S.A. - SULACAP (d) (i)	Indirect subsidiary	Sul América Santa Cruz Participações S.A.	1,373	582	1,280	-
Saepar Serviços e Participações S.A. (b) (a)	Direct subsidiary	Sul América S.A.	43,811	38,250	-	-
Sul América Companhia de Seguro Saúde (c) (d) (b)	Indirect subsidiary	Sul América Companhia Nacional de Seguros	28,311	27,190	-	-
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A. (d) (h)	Indirect subsdiary	Sul América Companhia de Seguro Saúde	690	334	-	-
Sul America Investimentos Gestora De Recursos S.A. (d) (h)	Indirect subsidiary	Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A.	1,199	1,008	-	-
Sul América Seguros de Pessoas e Previdência S.A. (d) (f)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	2,801	2,677	-	-
Sul América Companhia Nacional de Seguros (b) (c) (d) (g)	Indirect subsidiary	Saepar Serviços e Participações S.A	183,579	143,122	105	86
Sul América Serviços de Saúde S.A. (e)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	-	-	-
Sul América Odontológico S.A. (c)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	1	-	-
International Finance Corporation (a) (b)	Affiliated company	Other	-	-	-	10,369
Swiss Re Direct Investments Company Ltd. (a) (b)	Affiliated company	Other	-	-	32,556	27,714
Other shareholders (a) (b)	Other	Other	-	-	126,819	100,031
Total			**261,764**	**213,164**	**215,769**	**185,027**

			Company			
			Income		Expenses	
Description	**Type**	**Shareholder**	**2018**	**2017**	**2018**	**2017**
Sulasapar Participações S.A. (a) (b)	Shareholder	Sulasa Participações S.A.	-	-	-	-
Sul América Capitalização S.A. - SULACAP (d) (i)	Indirect subsidiary	Sul América Santa Cruz Participações S.A.	1,202	-	(1,280)	-
Saepar Serviços e Participações S.A. (a) (b)	Direct subsidiary	Sul América S.A.	-	-	-	-
Sul América Companhia de Seguro Saúde (b) (c) (d)	Indirect subsidiary	Sul América Companhia Nacional de Seguros	-	-	-	-
Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A. (d) (h)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	-	(1)	(1)
Sul America Investimentos Gestora De Recursos S.A. (d) (h)	Indirect subsidiary	Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A.	-	-	(1)	(1)
Sul América Seguros de Pessoas e Previdência S.A. (d) (f)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	-	(14)	-
Sul América Companhia Nacional de Seguros (b) (c) (d) (g)	Indirect subsidiary	Saepar Serviços e Participações S.A.	-	-	(149)	-
Sul América Serviços de Saúde S.A. (e)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	-	(67)	-
Sul América Odontológico S.A. (c)	Indirect subsidiary	Sul América Companhia de Seguro Saúde	-	-	-	-
Intenational Finance Corporation (a) (b)	Affiliated company	Other	-	-	-	-
Swiss Re Direct Investments Company Ltd. (a) (b)	Affiliated company	Other	-	-	-	-
Other shareholders (a) (b)	Other	Other	-	-	-	-
Total			**1,202**	**-**	**(1,512)**	**(2)**

(a) Amount related to the dividends distributable to or receivable among shareholders, holders of interests or partners;
(b) Amount related to interest on capital distributable to or receivable among shareholders, holders of interests or partners;
(c) Amount related to intercompany transactions in current accounts basically of refund of administrative expenses, which are settled in the month subsequent to that of the transaction;
(d) Amount related to the refund of the subsidiaries with stock option plans of the Company offered to the management members of the group companies;
(e) Amount related to the health and dental insurance of the Company's employees;
(f) Amount related to the group life insurance and private pension plan offered to all employees;
(g) Amount related to the apportionment of the Headquarters' building rent among SulAmérica's companies, the financial settlement being made in April;
(h) Amount related to the 0.25% management fee on the asset management portfolio, which settlement is made monthly; and
(i) Amount related to the purchase of savings bonds, of the incentive type.

			Consolidated			
			Assets		Liabilities	
Description	**Type**	**Shareholder**	**2018**	**2017**	**2018**	**2017**
Sulasapar Participações S.A. (a) (b)	Shareholder	Sulasa Participações S.A.	-	-	55,009	46,827
Nova Ação Participações S.A. (f)	Affiliated company	Sulasapar Participações S.A.	21	5	-	-
Almeida e Silva Gouvea Vieira Advogados Associados (c)	Other	Other	-	-	1	-
J.H. Gouvea Vieira Escritório de Advocacia (c)	Other	Other	-	-	-	-
Gouvea Vieira Advocacia (c)	Other	Other	-	-	8,965	-
Gouvea Vieira Sociedade de Advogados (c)	Other	Other	-	-	-	-
Escritório de Advocacia Gouvea Vieira (c)	Other	Other	-	-	-	-
Caixa Capitalização S.A. (a)	Associated company	Caixa Seguros Participações Securitárias Ltda.	8,283	7,899	-	-
Intenational Finance Corporation (a) (b)	Affiliated company	Other	-	-	-	10,369
Swiss Re Direct Investments Company Ltd. (a) (b)	Affiliated company	Other	-	-	32,556	27,714
Swiss Reinsurance America Corporation (e)	Affiliated company	Other	34	50	-	-
Swiss Re Brasil Resseguros S.A. (e)	Affiliated company	Other	1,062	4,886	-	2,074
Sharecare Brasil Serv. De Consultoria Ltda (a) (d) (*)	Associated company	Sharecare Digital Health International Limited	-	1,094	6,312	6,736
Key management personnel and their relatives (g)	Other	Other	142	118	80,680	70,863
Other shareholders (a) (b)	Other	Other	-	-	126,819	100,842
Total			**9,542**	**14,052**	**310,342**	**265,425**

			Consolidated			
			Income		Expenses	
Description	**Type**	**Shareholder**	**2018**	**2017**	**2018**	**2017**
Sulasapar Participações S.A. (a) (b)	Shareholder	Sulasa Participações S.A.	-	-	-	-
Nova Ação Participações S.A. (f)	Affiliated company	Sulasapar Participações S.A.	-	-	-	-
Almeida e Silva Gouvea Vieira Advogados Associados (c)	Other	Other	-	-	(184)	(143)
J.H. Gouvea Vieira Escritório de Advocacia (c)	Other	Other	-	-	(2,519)	(3,290)
Gouvea Vieira Advocacia (c)	Other	Other	-	-	(332)	(319)
Gouvea Vieira Sociedade de Advogados (c)	Other	Other	-	-	-	(30)
Escritório de Advocacia Gouvea Vieira (c)	Other	Other	-	-	(346)	(2,134)
Caixa Capitalização S.A. (a)	Associated company	Caixa Seguros Participações Securitárias Ltda.	-	-	-	-
Intenational Finance Corporation (a) (b)	Affiliated company	Other	-	-	-	-
Swiss Re Direct Investments Company Ltd. (a) (b)	Affiliated company	Other	-	-	-	-
Swiss Reinsurance America Corporation (e)	Affiliated company	Other	16	10	-	(402)
Swiss Re Brasil Resseguros S.A. (e)	Affiliated company	Other	5,797	5,475	-	(3,796)
Sharecare Brasil Serv. De Consultoria Ltda (a) (d) (*)	Associated company	Sharecare Digital Health International Limited	-	-	(88,278)	(77,627)
Key management personnel and their relatives (g)	Other	Other	4,773	3,826	(12,741)	(14,583)
Other shareholders (a) (b)	Other	Other	-	-	-	-
Total			**10,586**	**9,311**	**(104,400)**	**(102,324)**

(a) Amount related to dividends distributable to or receivable among shareholders, holders of interests or partners;

(b) Amount related to interest on capital distributable or receivable among shareholders, holders of interests or partners;
(c) Amount related to advisory services provided and follow-up of lawsuits of civil, labor and tax nature. These contracts are renewed annually and terminated monthly;
(d) Amount related to service provision and health solutions;
(e) Amount related to reinsurance operation;
(f) Amount related to the apportionment of the rent of the buildings of the Headquarters and Pinheiros head office among SulAmérica's companies ; and
(g) Amounts related to intercompany insurance and private pension operations and key management personnel and their relatives.

The amounts invested in the investment funds managed by the indirect subsidiary Sul América Investimentos Distribuidora de Títulos e Valores Mobiliários S.A. by the key management personnel of the Company and its subsidiaries amount to R$70,514 as at December 31, 2018 (R$63,911 in 2017).

The amounts of dividends and interest on capital received and paid by the Company, up to December 31, 2018, are as follows:

	Company			
	Dividends and interest equity received		Dividends and interest equity paid	
	2018	2017	2018	2017
Saepar	-	31,858	-	-
Cia. Saúde	-	66,968	-	-
Salic	90,847	22,230	-	-
Sulasapar	-	-	46,530	42,088
Non-controlling shareholders	-	-	138,385	122,450
Total	**90,847**	**121,056**	**184,915**	**164,538**

As at December 31, 2018, in the consolidated balance dividends were received through its subsidiaries, in the amount of R$62,002 (R$34,897 in 2017). Additionally, R$579 (R$955 in 2017) was paid through its subsidiaries to other shareholders, besides the dividends informed as payment of the Company.

21.2. Compensation of management members

SulAmérica's Management is composed of members of the Boards of Directors and Executive Officers of the Company and its subsidiaries, including members of the advisory committees of the Board of Directors. Management compensation expenses, paid or payable, are shown below. The charts also include expenses related to the costing of the stock option plan of the Company.

	Company		
	Short-term benefits for management	Stock option plan	Total
Accounts payable			
2018	64	-	64
2017	70	-	70
Expenses			
2018	(4,972)	(20)	(4,992)
2017	(5,244)	(12)	(5,256)

	Consolidated			
	Short-term benefits for management	Post-employment benefits	Stock option plan	Total
Accounts payable				
2018	64,472	10,966	-	75,438
2017	50,159	11,574	-	61,733
Expenses				
2018	(108,409)	(2,028)	(14,114)	(124,551)
2017	(90,126)	(4,544)	(8,936)	(103,606)

Stock option plan of the Company

The characteristics of the stock option plan of simple and bonus shares are as follows:

Simple Option Plan

The simple stock option plan of the Company was introduced in 2008 and discontinued in 2012, not giving rise to additional grants. In April 2017, its options were fully cancelled, as demonstrated in the chart below.

	Company			
	Unit options (quantity)			Weighted average period price
Simple options	Units	Common	Preferred	(in reais)
Balance of options outstanding on 01/01/2017	**11,029**	**11,029**	**22,058**	**13,87**
Balance of simple options exercisable as at 01/01/2017	**11,029**	**11,029**	**22,058**	**13,87**
Simple options forfeited over the period	(11,029)	(11,029)	(22,058)	13,87
Balance of options outstanding as at 12/31/2017	**-**	**-**	**-**	
Balance of simple options exercisable as at 12/31/2017	**-**	**-**	**-**	
Balance of simple options outstanding on 12/31/2018	**-**	**-**	**-**	
Balance of simple options exercisable as at 12/31/2018	**-**	**-**	**-**	

Bonus option plan

The Bonus Option Plan was introduced in 2011, and in this plan the executive opts for joining the Plan using a portion of her/his short-term variable compensation for purchasing the Company's units ("restricted units"). For each acquired unit, the executive shall receive an amount of bonus options in exchange.

Executives are entitled to exercise bonus stock options (vesting date) from the third year, in the proportion of 33%, 33% and 34% each year, and extension of the period for one additional year, totaling six years, when the incentives in shares that are not exercised expire.

On April 3, 2017, the Board of Directors approved the 2017 Plan, according to which 827,330 bonus options were granted, in exchange for the acquisition of 320,500 restricted units .

On April 02, 2018, the Board of Directors approved the 2018 Plan, according to which 849,587 bonus options were granted, in exchange for the acquisition of 326,800 restricted units.

The changes in the balance of bonus options already granted are summarized below:

	Company			
	Unit options (quantity)			Weighted average period price (b)
	Units	Common	Preferred	(in reais)
Balance of bonus options outstanding as at 01/01/2017	**3,638,940**	**3,638,940**	**7,277,880**	**N/A**
Balance of bonus options exercisable as at 01/01/2017	**124,866**	**124,866**	**249,732**	**N/A**
Bonus options granted over the period	827,330	827,330	1,654,660	N/A
Bonus options exercised over the period	(828,266)	(828,266)	(1,656,532)	14.29
Bonus options forfeited over the period	(111,018)	(111,018)	(222,036)	N/A
Bônus and other shareholding changes (a)	606,632	606,632	1,213,264	N/A
Balance of bonus options outstanding as at 12/31/2017	**4,133,618**	**4,133,618**	**8,267,236**	**N/A**
Balance of bonus options exercisable as at 12/31/2017	**63,878**	**63,878**	**127,756**	**N/A**
Bonus options granted over the period	849,587	849,587	1,699,174	N/A
Bonus options exercised over the period	(997,553)	(997,553)	(1,995,106)	14.35
Bonus options forfeited over the period	(208,893)	(208,893)	(417,786)	N/A
Balance of bonus options outstanding as at 12/31/2018	**3,776,759**	**3,776,759**	**7,553,518**	**N/A**
Balance of bonus options exercisable as at 12/31/2018	**65,618**	**65,618**	**131,236**	**N/A**

(a) All options, bonus ones, outstanding (exercisable contracts or in grace period) from March 29, 2017 were adjusted at 15.6775141%, which amount was added to the number of existing plan options; and

(b) The weighted average exercise price of bonus options is restricted by the holding of acquired Restricted Units, the grace period of which is fixed.

The expense, based on the fair value of the option on the respective dates of the grant contracts, corresponding to the Stock Option Plan of the Company as at December 31, 2018 was R$14,114 (R$8,936 in 2017), of which R$20 (R$12 in 2017) related to the executives of the Company, and R$14,094 (R$8,924 in 2017) of its subsidiaries, which indemnify SulAmérica for the participation of their executives in the stock option plan, and are recorded in the line item "Administrative Expenses", as contra-entry to "Capital Reserves".

The minimum and maximum exercise prices of exercised bonus options as at December 31, 2018, are R$18.00 and R$28.20, respectively (R$16.93 and R$21.00 in 2017). The remaining contract period for exercising simple options is 3.70 years (3.62 years in 2017).

22. Equity

22.1. Capital

As at December 31, 2018 and 2017, as approved by the Annual and Extraordinary Shareholders' Meeting held on March 29, 2017 the Company's capital amounts to R$3,319,882, represented by 1,182,461,903 shares, of which 592,688,393 are common and 589,773,510 are preferred shares, all registered with no par value, and fully paid-up.

The change in shares outstanding is as follows:

		Company		
Date	Description	Common	Preferred	Total
	Shares	512,362,664	509,842,829	1,022,205,493
	Treasury shares (see note 22.4)	(5,978,121)	(11,956,243)	(17,934,364)
01/01/2017	**Total**	**506,384,543**	**497,886,586**	**1,004,271,129**
	Capital increase - issuance of new shares	80,325,729	79,930,681	160,256,410
	Repurchase (sale) of treasury shares and other changes	(1,200,231)	(2,400,466)	(3,600,697)
12/31/2017	**Total**	**585,510,041**	**575,416,801**	**1,160,926,842**
	Repurchase (sale) of treasury shares and other changes	(65,276)	(130,552)	(195,828)
12/31/2018	**Total**	**585,444,765**	**575,286,249**	**1,160,731,014**

22.1.1. Authorized capital

Regardless of the capital increases resolved at Shareholders' Meeting, the Company may increase its capital, beyond its existing shares, up to the limit of 450 million new common and/or preferred shares, without requiring amendments to the by-laws, observing the legal limit for each share type, upon resolution of its Board of Directors, which will define the type and class of shares to be issued, the issue price and placement conditions.

The Board of Directors may exclude preemptive rights when issuing shares, convertible debentures or subscription warrants, whose placement is performed upon sale in stock exchange or public subscription, as established in Article 172 of the Brazilian Corporate Law.

Preferred shares entitle their holders to: (i) priority in the reimbursement of their equity value in case of the Company's liquidation, with no premium; (ii) be included in public offering as a result of disposal of the Company's control, so that it is assured them a treatment equal to that given to the selling controlling shareholder; and (iii) dividends at least equal to those of common shares; (iv) vote, only on the matters mentioned in the by-laws.

22.2. Reserves

22.2.1. Legal reserve

The reserve is recorded at 5% of net income for each year, up to the limit of 20% of its capital stock, in compliance with Article 193 of Act No. 6.404/1976. The Company may stop recognizing legal reserve in the year when the balance of this reserve, plus the capital reserve amount is in excess of 30% of capital stock.

22.2.2. Statutory reserve

The reserve for business expansion is recorded up to 71.25% of net income for each year, after allocation to Legal Reserve and Dividends, in compliance with Article 199 of Act No. 6.404/1976, may not exceed capital, as described in the bylaws. This reserve is aimed at the following:

(i) Guarantee funds for investments in permanent assets;

(ii) Increase working capital, aiming at providing operational conditions adequate to the carry out of the corporate purpose; and

(iii) Fund the redemption, reimbursement or acquisition of the Company's shares.

The recognition of statutory reserve may be waived by resolution at Shareholders' Meeting in the event of payment of dividends additional to the mandatory minimum ones. Once the limit set in Article 199 of Act No. 6.404/1976 is reached, the Shareholders' Meeting, upon proposal from management bodies, shall resolve on the use: capitalization or distribution of dividends to shareholders.

22.3. Equity adjustment

The line item "Equity adjustment" considers, pursuant to the prevailing legislation, the effects arising from the criteria for recording and valuing marketable securities classified into available-for-sale securities, related to own securities and securities of its subsidiaries, the actuarial gains and losses of the defined benefit plan of its subsidiaries, net of the corresponding tax effects, and the gains and losses arising from the change in the ownership interest.

22.4. Treasury shares

The change in treasury shares is as follows:

	Company			
Roll forward of treasury stocks	**Number of shares (in units)**	**ON**	**PN**	**Weighted average price (in reais)**
Treasury stocks as at 01/01/2017	**5,978,121**	**5,978,121**	**11,956,243**	**16.42**
Shares related to options exercised in the year - share bonus	(828,266)	(828,266)	(1,656,532)	14.65
Disposal of shares in the year - share bonus	(320,500)	(320,500)	(641,000)	14.26
Shares acquired in the year - share bonus	1,401,442	1,401,442	2,802,884	18.27
Bonus and other share changes	947,555	947,555	1,895,114	-
Treasury stocks as at 12/31/2017	**7,178,352**	**7,178,352**	**14,356,709**	**14.92**
Shares related to options exercised in the period - share bonus	(997,553)	(997,553)	(1,995,106)	15.29
Shares acquired - master stock option plan	1,389,629	1,389,629	2,779,258	23.08
Disposal of shares in the year	(326,800)	(326,800)	(653,600)	14.95
Treasury stocks as at 12/31/2018	**7,243,628**	**7,243,628**	**14,487,261**	**16.43**

(a) The Units, repurchased for holding them in treasury, are each broken down in one common share and two preferred shares, representing as at December 31, 2018, 7,243,628 (7,178,352 in 2017) common shares and 14,487,261 (14,356,709 in 2017) preferred shares.

The repurchase and sale of treasury shares, made in the period as at December 31, 2018, amounted to R$32,070 and R$7,173 (R$24,918 of repurchase and R$5,349 of sales in 2017). These repurchases and sales were recorded in line items "Treasury shares" and "Capital reserves", and the minimum cost to repurchase units as at December 31, 2018, is R$18.00 (R$16.93 in 2017) and the maximum cost is R$28.20 (R$21.00 in 2017). The market value of units, calculated based on the last price as at December 31, 2018, is R$28.60 (R$18.66 in 2017).

22.5. Dividend distribution policy

22.5.1. Mandatory dividends

The Bylaws ensures shareholders the distribution of a mandatory dividend equivalent to 25% of the annual adjusted net income, according to the effective legislation.

22.5.2. Additional dividends

Additional dividends are those proposed above the minimum mandatory for a year and approved for payment by the Annual Shareholders' Meeting in the following year.

22.6. Earnings per share

Earnings per common and preferred shares take into consideration not only common and preferred shares in free float, but also the potential issues and cancellations (diluting and anti-diluting), arising from the Stock Option Plan of the Company.

As the earnings per share attributable to controlling shareholders of the Company is equal to that of SulAmérica, only one set of information is presented as follows:

	Company 2018		
Description	**Common**	**Preferred**	**Total**
Net income for the period attributed to shares	**456,440**	**448,520**	**904,960**
Weighted average number of shares	592,688,393	589,773,510	1,182,461,903
Weighted average number of treasury shares	(6,972,118)	(13,944,237)	(20,916,355)
Weighted average number of shares outstanding - basic	585,716,275	575,829,273	1,161,545,548
Earnings per share - basic (a) (in R$)	**0.7793**	**0.7789**	**0.7791**
Adjustment:			
Weighted average number of shares granted and cancelled in connection with the Stock Option Plan of the company	4,043,912	8,087,825	12,131,737
Weighted average number of shares outstanding - diluted	589,760,187	583,917,098	1,173,677,285
Earnings per share - diluted (b) (in R$)	**0.7739**	**0.7681**	**0.7710**

	Company 2017		
Description	**Common**	**Preferred**	**Total**
Net income for the period attributed to shares	**389,987**	**383,265**	**773,252**
Weighted average number of shares	573,542,260	570,721,539	1,144,263,799
Weighted average number of treasury shares	(6,818,733)	(13,637,466)	(20,456,199)
Weighted average number of shares outstanding - basic	566,723,527	557,084,073	1,123,807,600
Earnings per share - basic (a) (in R$)	**0.6881**	**0.6880**	**0.6881**
Adjustment:			
Weighted average number of shares granted and cancelled in connection with the Stock Option Plan of the company	4,150,908	8,301,817	12,452,725
Weighted average number of shares outstanding - diluted	570,874,435	565,385,890	1,136,260,325
Earnings per share - diluted (b) (in R$)	**0.6831**	**0.6779**	**0.6805**

(a) Basic

Basic earnings per share is calculated based on the division of the net income attributable to shareholders by the weighted average number of common and preferred shares in free float for the year, less the weighted average treasury stock.

(b) Diluted

Diluted earnings per share is calculated based on the division of the profit attributable to shareholders by the adjusted weighted average number of common and preferred shares in free float for the year, less the weighted average treasury stock.

The adjustment to the weighted average takes into consideration the number of vesting and forfeitures according to the Stock Option Plan of the Company for the period.

22.7. Distribution of profit

	Company	
Description	**2018**	**2017**
Income before tax and social contribution	**914,633**	**777,190**
(-) Taxes	(9,673)	(3,938)
Net income	**904,960**	**773,252**
Prior year adjustment appropriation and other adjustments	-	573
Net income after compensation	**904,960**	**773,825**
Increase in legal reserve (5%)	(45,248)	(38,691)
Adjusted net income	859,712	735,134
Mandatory dividends		
25% of adjusted net income (a)	**214,928**	**183,784**
(-) Interest on capital net. to be included in mandatory dividends (b)	**136,568**	**120,284**
Gross	160,000	140,000
Income tax	(23,432)	(19,716)
Total dividends payable (c) = (a) - (b)	**78,360**	**63,500**
Allocation:		
Increase in statutory reserve	**621,352**	**531,634**

23. Operating segments

23.1. Statement of profit or loss by segment

SulAmérica's business segments are identified according to its executive organizational structure, divided into Business Units (BU), separated by nature and specificity of each segment of insurance and the reported assets and liabilities are the technical reserves required by regulatory bodies and their respective pledged assets, as required by the Law.

This information is mainly used by Management, its main executives and shareholders, to assess the performance of business units, manage capital, funds and compensation of employees and executives.

As at December 31, 2018 and 2017, SulAmérica has the following profit or loss by business units, as shown below:

	Consolidated						
	2018						
Description	**Health**	**Property and casualty**	**Life and private pension**	**Savings bonds**	**Asset management**	**Other**	**Total**
Operating revenue	**15,677,547**	**3,602,239**	**1,123,748**	**55,141**	**75,152**	**(31,111)**	**20,502,716**
Insurance	**15,616,807**	**3,567,761**	**488,210**	**-**	**-**	**(5,989)**	**19,666,789**
Net premiums	15,609,218	3,563,919	487,580	-	-	(5,989)	19,654,728
Other	7,589	3,842	630	-	-	-	12,061
Private pension	**-**	**-**	**635,538**	**-**	**-**	**-**	**635,538**
Premiums, retained contributions and net asset management fee	-	-	634,667	-	-	-	634,667
Other	-	-	871	-	-	-	871
Saving bonds, ASO, asset management	**60,583**	**-**	**-**	**55,141**	**75,152**	**(25,122)**	**165,754**
Other	**157**	**34,478**	**-**	**-**	**-**	**-**	**34,635**
Change in insurance and pension technical reserves	**(58,047)**	**(99,319)**	**(514,138)**	**-**	**-**	**-**	**(671,504)**
Insurance	(58,047)	(99,319)	707	-	-	-	(156,659)
Private pension	-	-	(514,845)	-	-	-	(514,845)
Operating expenses	**(13,858,933)**	**(2,904,111)**	**(518,710)**	**(42,554)**	**(3,821)**	**7,153**	**(17,320,976)**
Insurance	**(13,846,520)**	**(2,903,928)**	**(395,220)**	**-**	**-**	**7,153**	**(17,138,515)**
Claims	(12,443,078)	(2,082,340)	(216,655)	-	-	-	(14,742,073)
Acquisition costs	(988,368)	(745,341)	(152,893)	-	-	-	(1,886,602)
Other	(415,074)	(76,247)	(25,672)	-	-	7,153	(509,840)
Private pension	**-**	**-**	**(123,490)**	**-**	**-**	**-**	**(123,490)**
Benefit and redemption expenses	-	-	(89,974)	-	-	-	(89,974)
Acquisition costs	-	-	(32,003)	-	-	-	(32,003)
Other	-	-	(1,513)	-	-	-	(1,513)
Saving bonds, ASO, asset management	**(12,413)**	**(183)**	**-**	**(42,554)**	**(3,821)**	**-**	**(58,971)**
Gross operating margin	**1,760,567**	**598,809**	**90,900**	**12,587**	**71,331**	**(23,958)**	**2,510,236**
General and administrative expenses	**(981,758)**	**(582,576)**	**(106,754)**	**(68,253)**	**(48,981)**	**3,278**	**(1,785,044)**
Net investment income	**342,506**	**187,830**	**35,924**	**25,769**	**(276)**	**23,959**	**615,712**
Share of profit of investees income	**3,449**	**-**	**-**	**32,235**	**-**	**-**	**35,684**
Net non-operating income	**1,632**	**7,867**	**224**	**90**	**-**	**(6,796)**	**3,017**
Income before income tax and social contribution	**1,126,396**	**211,930**	**20,294**	**2,428**	**22,074**	**(3,517)**	**1,379,605**
Income tax and social contribution	(396,521)	(74,834)	(7,166)	10,525	(7,794)	1,242	(474,548)
Net income	**729,875**	**137,096**	**13,128**	**12,953**	**14,280**	**(2,275)**	**905,057**
Owners of the Company	730,212	137,096	13,128	12,519	14,280	(2,275)	904,960
Non-controlling Interest	(337)	-	-	434	-	-	97
Net income	**729,875**	**137,096**	**13,128**	**12,953**	**14,280**	**(2,275)**	**905,057**

Description	Health	Property and casualty	Life and private pension	Savings bonds	Asset Management	Other	Consolidated 2017 Total
Operating revenue	**13,827,916**	**3,306,110**	**994,342**	**53,854**	**64,011**	**(23,429)**	**18,222,804**
Insurance	**13,759,642**	**3,269,801**	**422,277**	**-**	**-**	**(27)**	**17,451,693**
Net premiums	13,735,815	3,263,308	421,968	-	-	(27)	17,421,064
Other	23,827	6,493	309	-	-	-	30,629
Private pension	**-**	**-**	**572,065**	**-**	**-**	**-**	**572,065**
Premiums, retained contributions and net asset management fee	-	-	570,885	-	-	-	570,885
Other	-	-	1,180	-	-	-	1,180
Saving bonds, ASO, asset managment	**68,274**	**-**	**-**	**53,854**	**64,011**	**(23,402)**	**162,737**
Other	**-**	**36,309**	**-**	**-**	**-**	**-**	**36,309**
Change in technical reserves	**(52,816)**	**24,356**	**(432,148)**	**-**	**-**	**-**	**(460,608)**
Insurance	(52,816)	24,356	(1,115)	-	-	-	(29,575)
Private pension	-	-	(431,033)	-	-	-	(431,033)
Operating expenses	**(12,259,117)**	**(2,944,828)**	**(501,341)**	**(29,652)**	**(4,773)**	**5,160**	**(15,734,551)**
Insurance	**(12,248,394)**	**(2,944,704)**	**(376,207)**	**-**	**-**	**5,160**	**(15,564,145)**
Claims	(11,001,242)	(2,134,636)	(201,466)	-	-	-	(13,337,344)
Acquisition costs	(876,027)	(757,107)	(141,150)	-	-	-	(1,774,284)
Other	(371,125)	(52,961)	(33,591)	-	-	5,160	(452,517)
Private pension	**-**	**-**	**(125,134)**	**-**	**-**	**-**	**(125,134)**
Benefit and redemption expenses	-	-	(92,615)	-	-	-	(92,615)
Acquisition costs	-	-	(31,511)	-	-	-	(31,511)
Other	-	-	(1,008)	-	-	-	(1,008)
Saving bonds, ASO, asset managment, Other	**(10,723)**	**(124)**	**-**	**(29,652)**	**(4,773)**	**-**	**(45,272)**
Gross operating margin	**1,515,983**	**385,638**	**60,853**	**24,202**	**59,238**	**(18,269)**	**2,027,645**
General and administrative expenses	**(878,740)**	**(561,194)**	**(97,352)**	**(66,405)**	**(38,835)**	**9,567**	**(1,632,959)**
Net investment income	**434,118**	**279,319**	**63,599**	**29,820**	**1,378**	**8,746**	**816,980**
Share of profit of investees income	**7,445**	**-**	**-**	**33,829**	**-**	**-**	**41,274**
Net non-operating income	**(2,167)**	**6,878**	**(57)**	**(130)**	**1,024**	**(2,526)**	**3,022**
Income before income tax and social contribution	**1,076,639**	**110,641**	**27,043**	**21,316**	**22,805**	**(2,482)**	**1,255,962**
Income tax and social contribution	(422,100)	(43,679)	(10,676)	4,940	(9,003)	979	(479,539)
Net income	**654,539**	**66,962**	**16,367**	**26,256**	**13,802**	**(1,503)**	**776,423**
Owners of the Company	654,539	66,962	16,367	23,085	13,802	(1,503)	773,252
Non-controlling Interest	-	-	-	3,171	-	-	3,171
Net income	**654,539**	**66,962**	**16,367**	**26,256**	**13,802**	**(1,503)**	**776,423**

23.2. Loss ratio, acquisition cost and gross margin

As at December 31, 2018 and 2017, SulAmérica has the following ratios by business units, extracted from profit or loss:

Description	Health	Property and casualty	Life and private pension	Consolidated 2018 Total
Loss ratio (a)	79.23%	58.87%	43.10%	74.68%
Acquisition cost (b)	6.29%	21.07%	30.41%	9.56%
Gross margin (c)	14.48%	20.06%	26.49%	15.76%

Description	Health	Property and casualty	Life and private pension	Consolidated 2017 Total
Loss ratio (a)	79.60%	63.73%	46.64%	75.78%
Acquisition cost (b)	6.34%	22.60%	32.67%	10.08%
Gross margin (c)	14.06%	13.67%	20.69%	14.14%

The calculated ratios are as follows:

(a) Claims incurred to earned premiums;
(b) Acquisition cost to earned premiums; and
(c) Gross margins to earned premiums.

23.3. Written insurance premiums by region

Net written insurance premiums by region are as follows:

	Consolidated			
	2018			
Region	Health	Property and casualty	Life and private pension	Total
Southeast	12,469,128	2,157,435	267,909	14,894,472
South	406,514	694,949	152,854	1,254,317
Northeast	2,079,912	435,858	36,428	2,552,198
North	128,514	46,139	15,294	189,947
Midwest	679,836	302,359	23,522	1,005,717
Total	**15,763,904**	**3,636,740**	**496,007**	**19,896,651**

	Consolidated			
	2017			
Region	Health	Property and casualty	Life and private pension	Total
Southeast	10,883,981	1,996,130	246,514	13,126,625
South	365,776	615,228	135,423	1,116,427
Northeast	1,904,310	389,704	21,871	2,315,885
North	97,685	40,977	12,944	151,606
Midwest	619,180	283,219	16,367	918,766
Total	**13,870,932**	**3,325,258**	**433,119**	**17,629,309**

23.4. Assets and liabilities by segment

Assets and liabilities by segment are as follows:

	Consolidated						
	2018						
Description	Health	Property and casualty	Life and private pension	Savings bonds	Asset management	Other	Total
Assets							
Marketable securities	5,190,412	1,721,336	7,508,199	516,526	70,208	1,225,902	16,232,583
Receivables	987,566	1,975,979	79,679	24,623	575	4,183	3,072,605
Taxes	476,889	278,765	157,405	29,267	9,489	195,527	1,147,342
Deferred acquisition costs	800,513	386,520	59,094	-	-	-	1,246,127
Judicial deposits	1,468,209	887,320	222,270	110,243	12,545	136,570	2,837,157
Other assets	388,100	209,058	35,887	437,002	8,495	89,413	1,167,955
Total	**9,311,689**	**5,458,978**	**8,062,534**	**1,117,661**	**101,312**	**1,651,595**	**25,703,769**
Liabilities and equity							
Accounts payable	643,558	246,500	40,964	740,425	22,069	278,264	1,971,780
Loans and financing	4,178	1,049	-	-	-	1,465,708	1,470,935
Insurance and reinsurance liabilities	162,023	110,626	82,305	3,872	10	341	359,177
Technical reserves - Insurance	3,046,744	2,615,474	7,509,980	-	-	-	13,172,198
Escrow provisions	1,331,376	663,612	178,650	105,901	10,334	113,947	2,403,820
Other liabilities	17,445	20,547	315	-	39	-	38,346
Total	**5,205,324**	**3,657,808**	**7,812,214**	**850,198**	**32,452**	**1,858,260**	**19,416,256**

	Consolidated						
	2017						
Description	Health	Property and casualty	Life and private pension	Savings bonds	Asset management	Other	Total
Assets							
Marketable securities	4,129,484	1,836,178	6,439,634	793,427	56,238	1,370,217	14,625,178
Receivables	783,068	1,806,292	69,962	27,247	1,180	4,850	2,692,599
Taxes	415,836	234,443	146,882	23,492	4,661	196,061	1,021,375
Deferred acquisition costs	673,737	361,256	59,336	-	-	-	1,094,329
Judicial deposits	1,420,195	942,903	223,851	106,168	29,308	133,937	2,856,362
Other Assets	473,772	205,145	179,822	139,710	6,657	154,569	1,159,675
Total	**7,896,092**	**5,386,217**	**7,119,487**	**1,090,044**	**98,044**	**1,859,634**	**23,449,518**
Liabilities and equity							
Accounts payable	511,777	244,775	30,937	670,562	19,255	261,146	1,738,452
Loans and financing	3,091	-	-	-	-	1,581,442	1,584,533
Insurance and reinsurance liabilities	130,626	95,630	61,177	2,005	-	505	289,943
Technical reserves - insurance	2,684,350	2,484,710	6,579,024	-	-	-	11,748,084
Escrow provisions	1,257,045	721,306	218,089	88,504	24,506	110,097	2,419,547
Other liabilities	-	28,018	432	-	75	43	28,568
Total	**4,586,889**	**3,574,439**	**6,889,659**	**761,071**	**43,836**	**1,953,233**	**17,809,127**

24. Operating revenue of insurance – Net premiums

Description	Consolidated 2018	2017
Net premiums		
Insurance premiums	19,894,215	17,625,558
Reinsurance ceded	(20,353)	(17,535)
Coinsurance ceded	1,332	1,758
Contribution for risk coverage (a)	21,457	19,528
Total	**19,896,651**	**17,629,309**
Sales tax		
PIS	(33,512)	(28,437)
COFINS	(206,189)	(177,531)
ISS	(2,222)	(2,277)
Total	**(241,923)**	**(208,245)**
Total	**19,654,728**	**17,421,064**

(a) Refers to the risk portion of private pension contracts.

25. Operating revenue of private pension – Net premium, income and management fees

Description	Consolidated 2018	2017
Premiums, retained contributions and net asset management fee		
Retained contributions	586,293	525,683
Asset management fee	49,827	46,183
Total	**636,120**	**571,866**
Sales tax		
PIS	(203)	(142)
COFINS	(1,250)	(839)
Total	**(1,453)**	**(981)**
Total	**634,667**	**570,885**

26. Change in technical reserves of insurance and private pension

Description	Consolidated 2018	2017
Insurance		
Unearned premium reserve	(157,393)	(16,742)
Additional provisions for premiums and contributions	2,200	(7,046)
Mathematical reserve for benefits granted	(711)	(6,213)
Other	(755)	426
Total - insurance	**(156,659)**	**(29,575)**
Private pension		
Mathematical reserve for benefits granted	(323,245)	(270,176)
Mathematical reserve for benefits to be granted	(198,378)	(173,098)
Contribution deficiency reserve	6,483	11,710
Other	295	531
Total - private pension	**(514,845)**	**(431,033)**

27. Operating expenses of insurance

27.1. Claims

Description	Consolidated 2018	2017
Direct claims	(15,054,636)	(13,698,026)
Claims recoverable	17,511	27,675
Changes in IBNR reserves	(191,161)	(128,476)
Salvage and recoveries	510,925	475,043
Retained benefits	(3,128)	(2,623)
Assistance service	(21,584)	(10,937)
Total	**(14,742,073)**	**(13,337,344)**

27.2. Acquisition costs

Description	Consolidated 2018	Consolidated 2017
Commissions	(1,852,207)	(1,690,599)
Change in deferred acquisition costs	74,505	(7,010)
Recovery of commissions	537	382
Other acquisition costs	(109,437)	(77,057)
Total	**(1,886,602)**	**(1,774,284)**

27.3. Other operating expenses

Description	Consolidated 2018	Consolidated 2017
Recognition of lawsuits and other insurance operation	(158,384)	(146,125)
Insurance operation expenses	(83,568)	(73,771)
Management fees	(126,912)	(135,595)
Technical services	(5,673)	(6,857)
Impairment of premiums and other receivables	(106,207)	(65,004)
Collection expenses	(17,531)	(14,529)
Insurance management fee	(11,565)	(10,636)
Total	**(509,840)**	**(452,517)**

28. Operating expenses of private pension

28.1. Benefit and redemption expenses

Description	Consolidated 2018	Consolidated 2017
Benefit and redemption	(89,974)	(92,615)
Total	**(89,974)**	**(92,615)**

28.2. Acquisition costs

Description	Consolidated 2018	Consolidated 2017
Commissions	(18,071)	(19,499)
Change in deferred acquisition costs	(13,932)	(12,012)
Total	**(32,003)**	**(31,511)**

29. Profit or loss from savings bonds operations

Description	Consolidated 2018	Consolidated 2017
Operating revenue		
Revenue from administrative charges of saving bonds certificates	45,971	48,293
Sales tax		
PIS	(91)	(322)
COFINS	(1,909)	(1,982)
Total	**(2,000)**	**(2,304)**
Other operating income	9,995	6,262
Total revenues	**53,966**	**52,251**
Operating expense		
Acquisition cost	(25,082)	(24,408)
Other operating expenses	(17,472)	(5,244)
Total expenses	**(42,554)**	**(29,652)**
Total	**11,412**	**22,599**

30. Profit or loss from health administrative services only plans

	Consolidated	
Description	**2018**	**2017**
Operating revenue		
Services revenue	66,510	74,294
Sales tax		
PIS	(611)	(658)
COFINS	(3,758)	(4,048)
ISS	(1,558)	(1,313)
Total revenues	**60,583**	**68,275**
Operating expenses		
Cost of service	(3,212)	(3,572)
Medical audit	(3,966)	(3,317)
Other	(5,235)	(3,834)
Total expenses	**(12,413)**	**(10,723)**
Total	**48,170**	**57,552**

31. Asset management

	Consolidated	
Description	**2018**	**2017**
Operating revenue		
Administration fee	51,559	43,363
Performance fee	4,450	2,953
Sales tax		
PIS	(525)	(444)
COFINS	(2,645)	(2,296)
ISS	(1,634)	(1,365)
Total revenues	**51,205**	**42,211**
Operating expenses		
Commision and brokerage	(981)	(687)
Custody and controllership	(2,650)	(3,710)
Other	(190)	(376)
Total expenses	**(3,821)**	**(4,773)**
Total	**47,384**	**37,438**

32. Administrative expenses

	Company	
Description	**2018**	**2017**
Personnel expenses	(5,913)	(5,836)
Stock option plan	(20)	(12)
Third-party services	(8,041)	(6,298)
Location and operation	(1,006)	(1,103)
Tax expenses	(32,237)	(29,540)
Other	(1,340)	(1,870)
Total	**(48,557)**	**(44,659)**

	Consolidated	
Description	**2018**	**2017**
Personnel expenses	(770,330)	(688,300)
Stock option plan	(14,114)	(8,936)
Third-party services	(442,299)	(429,059)
Location and operation	(200,754)	(210,045)
Profit sharing	(87,578)	(74,157)
Tax expenses	(76,264)	(62,479)
Other	(193,708)	(159,983)
Total	**(1,785,047)**	**(1,632,959)**

Employee benefits, included in line item “Personnel expenses”, are detailed in the following table, not including executive management fees:

	Consolidated	
Description	**2018**	**2017**
Remuneration	(375,020)	(341,214)
Social charges	(124,261)	(113,079)
Indemnity and severance	(22,366)	(27,707)
Meal ticket and transportation voucher	(78,754)	(71,111)
Health and dental insurance	(34,359)	(27,571)
Private pension	(7,781)	(5,897)
Other	(16,136)	(14,951)
Total	**(658,677)**	**(601,530)**

33. Investment income and expenses

The breakdown of the results of investment operations and the separation between investment expenses and income, including the respective accounting classification, are as shown in the following tables:

33.1. Investment income and expenses per type

	Company	
Description	**2018**	**2017**
Marketable securities	**18,358**	**21,406**
At Fair value through profit or loss	18,358	21,406
Interest and adjustment for inflation of issued debentures	**(111,485)**	**(131,447)**
Other	**7,107**	**7,979**
Total	**(86,020)**	**(102,062)**

	Consolidated	
Description	**2018**	**2017**
Marketable securities	**1,157,194**	**1,340,078**
At Fair value through profit or loss	530,250	701,200
Available for sale	455,701	555,079
Held to maturity	171,243	83,799
Interest and adjustment for inflation of loans and financing	**(111,485)**	**(131,447)**
Insurance operations - private pension and VGBL	**(526,644)**	**(518,470)**
Insurance operations - others	**95,316**	**104,580**
Interest and monetary variation on judicial deposits and accrued liabilities for lawsuits	**(45,316)**	**(16,890)**
Arrears interest	**(44)**	**(186)**
Other	**46,694**	**39,315**
Total	**615,715**	**816,980**

33.2. Investment income

	Company	
Description	**2018**	**2017**
Appreciation of investment fund quotas	18,725	21,847
Inflation adjustment and interest on escrow deposits	50	80
Other	7,808	8,549
Total	**26,583**	**30,476**

	Consolidated	
Description	**2018**	**2017**
Appreciation of investment fund quotas	1,221,927	1,053,680
Fixed income securities - private	55,782	130,543
Fixed income securities - government	484,046	500,335
Equity securities	143	610
Insurance operations	146,507	155,788
Inflation adjustment and interest on escrow deposits	127,541	160,221
Other	90,048	80,024
Total	**2,125,994**	**2,081,201**

33.3. Investment expenses

	Company	
Description	**2018**	**2017**
Devaluation of investment fund quotas and fixed and variable income private and government securities	(367)	(441)
Interest and adjustment for inflation of loans and financing	(111,485)	(131,447)
Inflation and interest on provision for legal claims, tax obligations and lawsuits	(67)	(71)
Other	(684)	(579)
Total	**(112,603)**	**(132,538)**

	Consolidated	
Description	**2018**	**2017**
Insurance operations	(51,191)	(51,208)
Devaluation of investment fund quotas and fixed and variable income private and government securities	(604,704)	(345,090)
Interest and adjustment for inflation of loans and financing	(111,485)	(131,447)
Inflation and interest on provisions for legal claims, tax obligations and lawsuits	(172,857)	(177,111)
inflation and interest adjustment on technical reserves - private pension operations and VGBL	(526,644)	(518,470)
Late payment interest	(44)	(186)
Other	(43,354)	(40,709)
Total	**(1,510,279)**	**(1,264,221)**

34. Statement of income tax and social contribution calculation

Income tax and social contribution, calculated based on statutory rates, are reconciled to the amounts recorded in the statements of profit or loss, as follows:

	Company			
	2018		2017	
Description	**Income tax**	**Social contribution**	**Income tax**	**Social contribution**
Net income before accrued liabilities for Income tax and social contribution	**914,633**	**914,633**	**777,190**	**777,190**
Income tax and social contribution tax expenses at statutory rates	(228,658)	(82,317)	(194,298)	(69,947)
Nominal rate	**25%**	**9%**	**25%**	**9%**
Current:				
Additions:				
Interest on capital	(40,571)	(14,606)	(39,304)	(14,149)
Accrued liabilities for lawsuits and tax and contributions liabilities	(63)	(23)	(134)	(48)
Non-deductible expenses	(271)	(98)	(103)	(37)
Others additions	-	-	(51)	-
Subtotal	**(40,905)**	**(14,727)**	**(39,592)**	**(14,234)**
Deductions:				
Share of profit	262,302	94,429	230,978	83,152
Inflation adjustment on escrow deposits	11	4	20	7
Others deductions	17	3	-	3
Subtotal	**262,330**	**94,436**	**230,998**	**83,162**
Tax loss carryforwards:				
Allowance	2,173	782	850	306
Expenses from current income tax and social contribution	**(5,060)**	**(1,826)**	**(2,042)**	**(713)**
Deferred:				
Reversal of deferred tax assets on Income tax and social contribution loss	(2,173)	(782)	(850)	(306)
Recognition of deferred tax assets on temporary differences	-	-	134	48
(Recognition) / reversal of tax debit related to monetary variation on judicial deposits	123	45	(20)	(7)
Recognition impairment	-	-	(134)	(48)
Expenses from deferred income tax and social contribution	**(2,050)**	**(737)**	**(870)**	**(313)**
Expenses from income tax and social contribution	**(7,110)**	**(2,563)**	**(2,912)**	**(1,026)**
Effective rate	**0.78%**	**0.28%**	**0.37%**	**0.13%**
Effective rate combined		**1.06%**		**0.50%**

	Consolidated			
	2018		2017	
Description	Income tax	Social contribution	Income tax	Social contribution
Net income before accrued liabilities for income and social contribution tax	**1,379,605**	**1,379,605**	**1,255,962**	**1,255,962**
Income tax and social contribution expenses at statutory rates	(344,901)	(275,921)	(313,991)	(251,192)
Social contribution's rate difference (a)	-	47,675	-	45,352
Nominal rate	**25%**	**20%**	**25%**	**20%**
Current:				
Additions:				
Accrued liabilities for lawsuits and tax and contributions liabilities	(7,293)	(4,621)	(49,958)	(40,998)
Inflation adjustment on escrow deposits (favorable result)	(4,798)	(3,833)	-	-
Non-deductible expenses	(22,860)	(7,115)	(17,631)	(8,874)
Impairment	(14,978)	(11,878)	(5,879)	(4,703)
Charges on profit sharing	(5,980)	(4,769)	-	-
Nondectuctible reserves	(6,921)	(6,086)	(4,095)	(2,841)
Reversal of reserve	(19,098)	(15,278)	-	-
Others	(1,342)	(2,326)	(349)	(2,521)
Subtotal	**(83,270)**	**(55,906)**	**(77,912)**	**(59,937)**
Deductions:				
Inflation adjustment on escrow deposits	20,680	16,048	37,882	29,401
Interest on capital	40,000	14,400	35,239	12,791
Share of profit	8,921	6,757	10,318	7,436
Reversal of profit sharing provisions	-	-	11	27
Subtotal	**69,601**	**37,205**	**83,450**	**49,655**
Tax loss carryforwards:				
Recognition (b)	(1,651)	(1,321)	-	-
Allowance (b)	10,264	5,882	6,917	3,077
Subtotal	**8,613**	**4,561**	**6,917**	**3,077**
Tax incentive reduction	**22,981**	**-**	**19,695**	**-**
Expenses from current income tax and social contribution	**(326,976)**	**(242,386)**	**(281,841)**	**(213,045)**
Deferred:				
Reversal of deferred tax assets on income tax and social contribution loss	(8,605)	(8,373)	(6,955)	(3,107)
Recognition / (reversal) of deferred tax assets on temporary differences	27,505	(1,107)	64,310	38,986
(Recognition / reversal of tax debit related to inflation adjustment on judicial deposits)	44,692	38,299	(39,689)	(25,695)
Reversal contingency	-	-	(2,217)	(1,088)
(Recognition / reversal impairment)	1,766	637	(8,811)	(387)
Income from deferred income tax and social contribution	**65,358**	**29,456**	**6,638**	**8,709**
Expenses from income tax and social contribution	**(261,618)**	**(212,930)**	**(275,203)**	**(204,336)**
Effective rate	**18.96%**	**15.43%**	**21.91%**	**16.27%**
Effective rate combined		**34.39%**		**38.18%**

(a) Refers to the difference in the social contribution rate between financial and equivalent companies (20% - 15% up to August 31, 2015) and non-financial subsidiaries (9%); and
(b) The recognized amounts refer to the group companies that recorded tax loss for the period, and the offsets were made by companies that recorded profit, based on the limits provided for in the Law.

35. Income tax and social contribution on the adjustments directly allocated to comprehensive income

	Company	
	2018	
Description	Defined benefit pension plan	Total
Tax base	**(156)**	**(156)**
Income tax	39	39
Social contribution	13	13
Total	**52**	**52**
Net	**(104)**	**(104)**

	Consolidated		
			2018
Description	Financial assets available for sale	Defined benefit pension plan	Total
Tax base	**17,667**	**(3,615)**	**14,052**
Income tax	(4,417)	904	(3,513)
Social contribution	(2,537)	542	(1,995)
Rate difference (a)	530	(49)	481
Total	**(6,424)**	**1,397**	**(5,027)**
Net	**11,243**	**(2,218)**	**9,025**

Description	Consolidated 2017		
	Financial assets available for sale	Defined benefit pension plan	Total
Tax base	**49,188**	**(6,680)**	**42,508**
Income tax	(12,297)	1,670	(10,627)
Social contribution	(7,431)	999	(6,432)
Rate difference (a)	201	(26)	175
Total	**(19,527)**	**2,643**	**(16,884)**
Net	**29,661**	**(4,037)**	**25,624**

(a) Refers to the difference in the social contribution rate between financial and equivalent companies (20%) and non-financial subsidiaries (9%).

36. Rental agreement

Rio de Janeiro

On December 17, 2007, SALIC entered into a rental agreement for a property in Rio de Janeiro. The rental period is 10 years, counted as from April 18, 2009, and can be extended to an additional 60-month period. During this period, SALIC agreed to pay 10 annual rents of R$13,712, adjusted annually, or after the shortest period established by the Law, by the accumulated IGP-M variation, released by Fundação Getúlio Vargas. The amount recorded in income, up to December 31, 2018, corresponds to R$29,425 (R$28,771 in 2017). This rental agreement contains clauses that restrict the capacity of SALIC and the landlord of unilaterally terminating the agreement. The voluntary unilateral termination will give rise to the payment of indemnity to the other party, according to the conditions established in the agreement. On September 17, 2018, SALIC entered into a new contract for renting this property, for a period of 10 years, and effective from April 18, 2019. The rent for the first year will amount to R$10,349, payable in a single installment on April 17, 2020. From the second year of the contract, installments in the amount of R$862 will be paid monthly, every day 5 of the subsequent month, adjusted by the IGP-M.

São Paulo

On July 4, 2013, CIA. SAÚDE signed a rental contract of the new headquarters of SulAmérica in São Paulo. The rental period is ten years, counted as from June 15, 2015, which can be automatically renewed for five-year periods in three consecutive cycles. During the contract period, CIA. SAÚDE has agreed to monthly pay the original amount of R$2,000, annually adjusted in August by the accumulated IGP-M variation. The amount recorded in profit or loss, up to December 31, 2018, corresponds to R$25,696 (R$28,912 in 2017). The Lease Act and the contract have provisions that impede landlords to unilaterally terminate the rental contract; however, CIA. SAÚDE can do it, provided that the fine is paid.

37. Other information - Insurance

As at December 31, 2018, SulAmérica had coverage against property damages of R$424,578 (R$441,176 in 2017), general liability of R$25,000 (R$111,000 in 2017) and rental loss, electrical damage and glass breakage of R$19,048 (R$15,529 in 2017), totaling a coverage of R$468,626 (R$567,705 in 2017).

38. Transactions not involving cash or cash equivalents in investing and financing operations

The Company increased with interest on capital the capital of SALIC, in the amount of R$41,894, of SAEPAR, in the amount of R$38,333, and of CIA. SAÚDE, in the amount of R$90,389, as described in Note 13.1.

In view of the reverse stock split of the subsidiary SULACAP, as described in Note 4, the amount of R$17,929 was recognized in liabilities in the line item “Accounts Payable”, of which R$5,123 was already settled.

Other information considered material by the Company

(In thousands of Brazilian Reais – R$, except as otherwise stated)

1. Introduction

Sul América S.A. is a holding company that mainly invests in companies that operates in the health and private pension segment, we have adjusted the annual consolidated information for purposes of improving its presentation. In view of the fact that the disclosure format of annual information of holding companies established by the Empresas.Net System differs from the previously mentioned publication format, we present a comparison and the consolidated statement of operations and the consolidated statement of income for the year ended December 31, 2018.

1.1. Comparison between the publication format required from companies that operate insurance and private pension and CVM/DFP publication models

Statements of financial position - Assets

			Consolidated		
			12/31/2018	12/31/2017	12/31/2016
		Current Assets			
1.01.03.01	**Empresas.Net**	**Customers**	**2,164,249**	**1,974,166**	**1,908,259**
		Receivables	2,164,249	1,974,166	1,908,259
1.01.06	**Empresas.Net**	**Tax Recoverable**	**182,075**	**225,348**	**163,069**
		Taxes	182,075	225,348	163,069
1.01.08	**Empresas.Net**	**Other Current Assets**	**764,866**	**695,632**	**714,528**
1.01.08.01	**Empresas.Net**	**Non-current Assets for Sale**	**44,843**	**51,103**	**71,923**
		Salvages for sale	44,843	51,103	71,923
1.01.08.03	**Empresas.Net**	**Other**	**720,023**	**644,529**	**642,605**
		Reinsurance assets	35,845	25,167	26,869
		Deferred Acquisition Costs	663,259	596,212	597,865
		Other	20,919	23,150	17,871
		Non-current Assets			
		Long-term Assets			
1.02.01.03	**Empresas.Net**	**Accounts Receivable**	**908,356**	**718,433**	**512,049**
		Receivables	908,356	718,433	512,049
1.02.01.06	**Empresas.Net**	**Deferred Taxes**	**965,267**	**796,027**	**767,007**
		Taxes	965,267	796,027	767,007
1.02.01.09	**Empresas.Net**	**Other Non-Current Assets**	**3,432,608**	**3,365,180**	**3,068,934**
		Judicial deposits	2,837,157	2,856,362	2,648,422
		Reinsurance assets	8,067	7,700	7,418
		Deferred acquisition costs	582,868	498,117	413,084
		Other	4,516	3,001	10

Statements of financial position - Liabilities

			Consolidated		
			12/31/2018	12/31/2017	12/31/2016
		Current Liabilities			
2.01.01	**Empresas.Net**	**Social Obligations and Labor**	**54,000**	**52,790**	**46,655**
2.01.03	**Empresas.Net**	**Tax**	**394,663**	**329,348**	**257,508**
2.01.05	**Empresas.Net**	**Other Obligations**	**1,870,430**	**1,621,419**	**1,483,392**
		Accounts payable	1,934,883	1,705,982	1,456,493
		Insurance and reinsurance liabilities	359,177	289,943	323,414
		Other	25,033	7,632	7,648
2.01.04	**Empresas.Net**	**Loans and Financing**	**447,779**	**299,988**	**336,933**
		Loans and financing	447,779	299,988	336,933
2.01.06	**Empresas.Net**	**Provisions**	**7,114,202**	**6,500,337**	**6,250,494**
		Technical Reserves - Insurance	7,041,023	6,422,085	6,159,158
		Judicial provisions	73,179	78,252	91,336
		Non-current Liabilities			
2.02.02	**Empresas.Net**	**Other Obligations**	**130,890**	**124,269**	**48,512**
		Accounts Payable	36,897	32,470	20,017
		Other Debts with Related Parties	80,680	70,863	-
		Other	13,313	20,936	28,495
2.02.04	**Empresas.Net**	**Provisions**	**8,381,136**	**7,596,431**	**7,280,692**
2.02.04.01	**Empresas.Net**	**Provisions Tax, Social Security, Labor and Civil**	**2,330,641**	**2,341,295**	**2,121,531**
		Judicial provisions	2,330,641	2,341,295	2,121,531
2.02.04.02	**Empresas.Net**	**Other**	**6,050,495**	**5,255,136**	**5,159,161**
		Technical Reserves - Insurance	6,131,175	5,325,999	5,159,161

Statements of profit or loss

			Consolidated		
			12/31/2018	12/31/2017	12/31/2016
3.01	Empresas.Net	**Revenue from Sales and Services**	**19,831,212**	**17,762,196**	**16,274,044**
		Insurance	19,666,789	17,451,693	16,021,380
		Private pension	635,538	572,065	566,364
		Savings bonds	53,966	52,251	54,621
		ASO	60,583	68,275	43,340
		Asset management	51,205	42,211	37,497
		Other	34,635	36,309	42,783
		Changes in premium technical reserves - insurance	(156,659)	(29,575)	(26,145)
		Changes in premium technical reserves - private pension	(514,845)	(431,033)	(465,796)
3.02	Empresas.Net	**Cost of Products and Services Sold**	**(17,320,976)**	**(15,734,551)**	**(14,620,123)**
		Insurance	(17,138,515)	(15,564,145)	(14,489,126)
		Private pension	(123,490)	(125,134)	(84,225)
		Savings bonds	(42,554)	(29,652)	(32,492)
		ASO	(12,413)	(10,723)	(8,745)
		Asset management	(3,821)	(4,773)	(4,062)
		Other operating expenses	(183)	(124)	(1,473)
3.04.02	Empresas.Net	**General and Administrative Expenses**	**(1,785,047)**	**(1,632,959)**	**(1,499,936)**
		Administrative Expenses	(1,785,047)	(1,632,959)	(1,499,936)

1.2. Statements of Financial Position and Statements of Income as Published by Sul América S.A.

Sul América S.A and Subsidiaries
Statements of financial position as at December 31, 2018, December 31, 2017 and December 31, 2016
(in thousands of Brazilian reais - R$)

		Consolidated		
	Notes	12/31/2018	12/31/2017	12/31/2016
Assets				
Current assets		**18,712,413**	**17,014,304**	**15,953,890**
Cash and cash equivalents	7	629,478	640,955	932,323
Marketable securities	8	14,971,745	13,478,203	12,235,711
Receivables	9	2,164,249	1,974,166	1,908,259
Taxes	10.1	182,075	225,348	163,069
Reinsurance assets	11	35,845	25,167	26,869
Salvages for sale	-	44,843	51,103	71,923
Deferred acquisition costs	12	663,259	596,212	597,865
Other	-	20,919	23,150	17,871
Non-current assets		**6,991,356**	**6,435,214**	**5,854,673**
Marketable securities	8	1,260,838	1,146,975	1,118,705
Receivables	9	908,356	718,433	512,049
Escrow deposits	20.1	2,837,157	2,856,362	2,648,422
Reinsurance assets	11	8,067	7,700	7,418
Deferred acquisition costs	12	582,868	498,117	413,084
Taxes	10.1	965,267	796,027	767,007
Other	-	4,516	3,001	10
Investments	13	99,422	132,217	114,248
Fixed assets	-	56,346	59,072	71,001
Intangible assets	14	268,519	217,310	202,729
Total assets		**25,703,769**	**23,449,518**	**21,808,563**

Sul América S.A and Subsidiaries
Statements of financial position as at December 31, 2018, December 31, 2017 and December 31, 2016
(in thousands of Brazilian reais - R$)

		Consolidated		
	Notes	12/31/2018	12/31/2017	12/31/2016
Liabilities and equity				
Current liabilities		**9,881,074**	**8,803,882**	**8,374,982**
Accounts payable	15	1,934,883	1,705,982	1,456,493
Loans and financing	16	447,779	299,988	336,933
Insurance and reinsurance liabilities	18	359,177	289,943	323,414
Technical reserves - Insurance	19	7,041,023	6,422,085	6,159,158
Provision for lawsuits	20.2	73,179	78,252	91,336
Other	-	25,033	7,632	7,648
Non-current liabilities		**9,535,182**	**9,005,245**	**8,392,673**
Accounts payable	15	36,897	32,470	20,017
Loans and financing	16	1,023,156	1,284,545	1,063,469
Technical reserves - Insurance	19	6,131,175	5,325,999	5,159,161
Provision for lawsuits	20.2	2,330,641	2,341,295	2,121,531
Other	-	13,313	20,936	28,495
Equity		**6,287,513**	**5,640,391**	**5,040,908**
Capital	22.1	3,319,882	3,319,882	2,319,882
Reserves	22.2	3,079,068	2,411,321	2,828,470
Capital reserves	-	377,770	376,623	364,097
Earnings reserves	-	2,701,298	2,034,698	2,464,373
Treasury shares	22.4	(119,017)	(107,087)	(83,928)
Equity adjustment	22.3	6,179	(1,254)	(37,644)
Non-controlling interests	4	1,401	17,529	14,128
Total liabilites and equity		**25,703,769**	**23,449,518**	**21,808,563**

Sul América S.A. and Subsidiaries
Statements of income for the year ended December 31, 2018, December 31, 2017 and December 31, 2016
(in thousands of Brazilian reais - R$)

		Consolidated		
	Notes	12/31/2018	12/31/2017	12/31/2016
Net operating revenue		**20,502,716**	**18,222,804**	**16,765,985**
Insurance		**19,666,789**	**17,451,693**	**16,021,380**
Net premiums	24	19,654,728	17,421,064	15,986,232
Other	-	12,061	30,629	35,148
Private pension		**635,538**	**572,065**	**566,364**
Premiums, retained contributions and net asset management fee	25	634,667	570,885	565,270
Other	-	871	1,180	1,094
Savings bonds	**29**	**53,966**	**52,251**	**54,621**
ASO	**30**	**60,583**	**68,275**	**43,340**
Asset management	**31**	**51,205**	**42,211**	**37,497**
Other	**-**	**34,635**	**36,309**	**42,783**
Changes in premium technical reserves	**-**	**(671,504)**	**(460,608)**	**(491,941)**
Insurance	26	(156,659)	(29,575)	(26,145)
Private pension	26	(514,845)	(431,033)	(465,796)
Operating expenses		**(17,320,976)**	**(15,734,551)**	**(14,620,123)**
Insurance		**(17,138,515)**	**(15,564,145)**	**(14,489,126)**
Claims	27.1	(14,742,073)	(13,337,344)	(12,274,046)
Acquisition costs	27.2	(1,886,602)	(1,774,284)	(1,735,615)
Other	27.3	(509,840)	(452,517)	(479,465)
Private pension		**(123,490)**	**(125,134)**	**(84,225)**
Benefit expenses	28.1	(89,974)	(92,615)	(55,253)
Acquisition costs	28.2	(32,003)	(31,511)	(28,071)
Other	-	(1,513)	(1,008)	(901)
Savings bonds	**29**	**(42,554)**	**(29,652)**	**(32,492)**
ASO	**30**	**(12,413)**	**(10,723)**	**(8,745)**
Asset management	**31**	**(3,821)**	**(4,773)**	**(4,062)**
Other	**-**	**(183)**	**(124)**	**(1,473)**
Gross operating margin	**-**	**2,510,236**	**2,027,645**	**1,653,921**
General and administrative expenses	**32**	**(1,785,047)**	**(1,632,959)**	**(1,499,936)**
Net investment income	**33.1**	**615,715**	**816,980**	**946,071**
Equity interest income	**13**	**35,684**	**41,274**	**39,533**
Net non-operating income	**-**	**3,017**	**3,022**	**-**
Income before tax and social contribution		**1,379,605**	**1,255,962**	**1,139,589**
Income tax and social contribution	34	(474,548)	(479,539)	(441,168)
Net income		**905,057**	**776,423**	**698,421**
Net income attributable to:				
Owners of the Company	-	**904,960**	**773,252**	**695,257**
Non-controlling interest	-	**97**	**3,171**	**3,164**
Net income	-	**905,057**	**776,423**	**698,421**
Basic earnings per share attributable to shareholders	**22.6**			
Preferred shares		0.7789	0.6880	0.6927
Common shares		0.7793	0.6881	0.6925
Diluted earnings per share attributable to shareholders	**22.6**			
Preferred shares		0.7681	0.6779	0.6828
Common shares		0.7739	0.6831	0.6876

2. Arbitration Chamber

The Company, its shareholders and managers are bound by arbitration of the Market's Arbitration Chamber, as provided for by Article 47 of its Bylaws.

2.1. Appendix III – Shareholders owning more than 5% of common or preferred shares

Ranking of Shareholders owning more than 5% of common or preferred shares, includind individuals
As of December 31, 2018
(In shares)

Sul América S/A

Shareholder	Common shares	%	Preferred shares	%	Total shares	%
Sulasapar Participações S.A.	297,826,465	50.87	49,589	0.01	297,876,054	25.66
Swiss Re Direct Investments Company Ltd	58,764,180	10.04	117,528,360	20.43	176,292,540	15.19
Others	228,854,120	39.09	457,708,300	79.56	686,562,420	59.15
Subtotal	**585,444,765**	**100.00**	**575,286,249**	**100.00**	**1,160,731,014**	**100.00**
Treasury stock	7,243,628		14,487,261		21,730,889	
Total	**592,688,393**		**589,773,510**		**1,182,461,903**	

Distribution of corporation's capital stock (shareholders' company), including individuals
As of December 31, 2018
(In shares)

Sulasapar Participações S/A

Shareholder	Common shares	%	Total shares	%
Sulasa Participações S.A.	2,509,326	100%	2,509,326	100%
Subtotal	**2,509,326**	**100%**	**2,509,326**	**100%**
Ações em Tesouraria	796,082		796,082	
Total	**3,305,408**		**3,305,408**	

Distribution of corporation's capital stock (shareholders' company), including individuals
As of December 31, 2018
(In shares)

Sulasa Participações S/A

Shareholder	Common shares	%	Preferred shares	%	Total shares	%
Sularis S.À.R.L.	1,876,169,956	16.67	3,752,339,908	16.67	5,628,509,864	16.67
Sulaver S. À R.L.	1,876,169,956	16.67	3,752,339,908	16.67	5,628,509,864	16.67
Patrick Antonio Claude de Larragoiti Lucas	1,876,169,956	16.66	3,752,339,908	16.66	5,628,509,864	16.66
Ema Mercedes Anita Sanchez de Larragoiti	-	-	46	0.00	46	0.00
Sulemisa Participações Ltda.	2,814,254,934	25.00	5,628,509,839	25.00	8,442,764,773	25.00
Sultaso Participações Ltda.	2,814,254,934	25.00	5,628,509,839	25.00	8,442,764,773	25.00
Total	**11,257,019,736**	**100.00**	**22,514,039,448**	**100.00**	**33,771,059,184**	**100.00**

2.2. Appendix IV – Controlling shareholders, management and free float position

Controlling shareholders, management and free float position
As of December 31, 2018

	Common shares	%	Preferred shares	%	Total shares	%
Controlling shareholders	306,307,600	52.32	17,011,865	2.96	323,319,465	27.85
Management						
Board of Directors	40,677	0.01	81,354	0.01	122,031	0.01
Officers	308,463	0.05	616,926	0.11	925,389	0.08
Free float	**278,788,025**	**47.62**	**557,576,104**	**96.92**	**836,364,129**	**72.05**
Subtotal	**585,444,765**	**100.00**	**575,286,249**	**100.00**	**1,160,731,014**	**100.00**
Treasury stock	7,243,628		14,487,261		21,730,889	
Total	**592,688,393**		**589,773,510**		**1,182,461,903**	

3. Compliance with CVM Instruction No. 381 of January 14, 2003

On October 28, 2014, Sul América S.A. and its subsidiaries engaged Deloitte Touche Tohmatsu Auditores Independentes to provide external audit services related to the audit of its financial statements (individual and consolidated) over a period of five years.

During the year ended December 31, 2018, Deloitte did not provide services other than external audit to the Company and its subsidiaries.

SulAmérica has a policy on related party transactions available on the website www.sulamerica.com.br/ri. During the year ended December 31, 2018, no transaction between Deloitte and SulAmérica was made that could be classified as related party transaction.

(Convenience Translation into English from the Original Previously Issued in Portuguese)

Sul América S.A.

Individual and Consolidated
Financial Statements
for the Year Ended
December 31, 2018 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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(Convenience Translation into English from the Original Previously Issued in Portuguese)

INDEPENDENT AUDITORS' REPORT ON THE INDIVIDUAL AND CONSOLIDATED FINANCIAL STATEMENTS

To the Shareholders and Management of
Sul América S.A.

Opinion

We have audited the accompanying individual and consolidated financial statements of Sul América S.A. ("Company"), identified as Parent and Consolidated, respectively, which comprise the balance sheet as at December 31, 2018, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the individual and consolidated financial statements present fairly, in all material respects, the individual and consolidated financial position of Sul América S.A. as at December 31, 2018, and its individual and consolidated financial performance and its individual and consolidated cash flows for the year then ended in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the relevant ethical requirements in the Code of Ethics for Professional Accountants and the professional standards issued by the Federal Accounting Council ("CFC"), and we have fulfilled our other ethical responsibilities in accordance with these standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the individual and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the individual and consolidated financial statements as a whole, and in forming our opinion thereon and, accordingly, we do not provide a separate opinion on these matters.

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Recoverability of the receivables from the Salary Changes Compensation Fund ("FCVS") related to the Financial Housing System ("SFH") insurance

As at December 31, 2018, Sul América Companhia Nacional de Seguros ("Salic"), a Company's subsidiary, has receivables from the Salary Changes Compensation Fund ("FCVS") related to the Financial Housing System ("SFH") insurance, amounting to R$ 1,152,358 thousand, as detailed in note 9.1.2 to the financial statements.

Salic has been making significant disbursements in the last years related to lawsuits associated to the SFH public policy. Receivables from FCVS are accounted for by Salic when the disbursement is made as a result of the execution of the lawsuits and are adjusted for inflation using the Benchmark Rate ("TR"). The measurement of the provision for impairment on said receivables is based on a methodology and on assumptions that take into consideration the expected losses based on the operating losses experience.

Due to the materiality of Management's judgment, the subjectivity involved and the lack of a meaningful operating losses experience, the methodology and assumptions used to measure the provision for impairment on said receivables were considered a relevant matter for our audit.

Our audit procedures included but were not limited to: (i) challenge the major assumptions used by Management in the measurement of the provision for impairment on receivables from FCVS; (ii) the assess if the methodology used by management in the provision measurement is being consistently applied over years, and (iv) conduct integrity and accuracy tests of the databases used.

Based on the audit procedures performed, we considered the amount of the provision for impairment on the receivables from FCVS, calculated by Management, acceptable in the context of the financial statements, individual and consolidated, taken as a whole.

Measurement and recognition of the technical provisions applicable to the consolidated financial statements

As at December 31, 2018, Sul América S.A. recognized, through its subsidiaries, insurance and pension plan technical provisions totaling R$ 13,172,198 thousand, as detailed in note 19 to the financial statements.

Determining the amounts of certain insurance and pension plan technical provisions requires Management's material judgment to select the key assumptions and methodologies, such as, but not limited to: estimated claims opening amounts, claims development experience, discount rate, cancellation rate, payment experience for judicial claims, expected claim recovery (salvages/refunds), assumed and effective risks of unissued policies, mortality tables, expected increase in life expectancy, and the application of a methodology for the development of incurred claims and issued premiums based on the run-off triangle among others.

Due to the materiality of Management's judgment and the subjectivity involved, the assumptions and methodologies used to calculate certain technical provisions were considered a relevant matter for our audit.

Our audit procedures included but were not limited to: (i) testing the design, implementation and effectiveness of certain controls related to accounting process of certain insurance and pension plan technical provisions; (ii) testing the accuracy and completeness of the databases used in the actuarial calculations; (iii) involving actuarial specialists aimed at: (a) assessing the adequacy of the methodologies used to calculate certain technical provisions; (b) challenging Management's relevant assumptions and judgments regarding the industry benchmarks, (c) assessing if the methodology is being consistently applied in over the years; and (d) recalculating, on a test basis, the balances of certain technical provisions.

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Based on the audit procedures performed, we consider the technical provisions calculated by Management subsidiaries, acceptable in the context of the financial statements, individual and consolidated, taken as a whole.

Other Matters

Statements of Value Added

The individual and consolidated statements of value added ("DVA") for the year ended December 31, 2018, prepared under Management's responsibility and disclosed as supplemental information for IFRS purposes, were subject to audit procedures performed in conjunction with the audit of the Company's financial statements. In forming our opinion, we assessed whether these statements are reconciled with the financial statements and the accounting records, as applicable, and if its form and contents are in accordance with the criteria set by CPC 09 - Statement of Value Added. In our opinion, these statements of value added have been prepared, in all material respects, in accordance with the criteria set in CPC 09 and are consistent with the individual and consolidated financial statements, taken as a whole.

Other Information Accompanying the individual and Consolidated Financial Statements and the Independent Auditor's Report

Management is responsible for such other information. The other information comprises the Management Report.

Our opinion on the individual and consolidated financial statements does not cover the Management Report and we do not express any form of audit conclusion thereon.

In connection with our audit of the individual and consolidated financial statements, our responsibility is to read the Management Report and, in doing so, consider whether such report is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the Management Report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Individual and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the individual and consolidated financial statements in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards ("IFRSs"), as issued by the International Accounting Standards Board ("IASB"), 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.

In preparing the individual and consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Company and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and its subsidiaries' financial reporting process.

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Auditor's Responsibilities for the Audit of the Individual and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the individual and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Brazilian and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatements of the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that were appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Concluded on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and its subsidiaries' ability to continue as going concerns. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the individual and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as going concerns.

- Evaluated the overall presentation, structure and content of the individual and consolidated financial statements, including the disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit and for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The accompanying individual and consolidated financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, February 26, 2019

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Roberto Paulo Kenedi
Engagement Partner

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SUL AMÉRICA S.A.
CNPJ/MF No. 29.978.814/0001-87
NIRE 3330003299-1

Authorized Capital Publicly-held Corporation

Summary Report of the Audit and Risk Management Committee for the year ended December 31, 2018

According to the Internal Rules of the Audit and Risk Management ("Committee") of Sul América S.A. ("Company"), and in compliance with the Brazilian Securities and Exchange Commission (CVM) Instruction No. 308, of May 14, 1999, and further amendments, the Committee members present its Summary Annual Report for the Company's fiscal year ended December 31, 2018.

COMMITTEE ACTIVITIES:

The Committee held 9 (nine) meetings in the year 2018, in which the following works were performed:

a) It reviewed and considered appropriate the independent auditor's work plan for the year 2018;
b) It supervised, by means of meetings and reports, the independent auditor's activities, in order to evaluate (i) its independence; (ii) the quality of the provided services; and (iii) the adequacy of the services provided for the Company's needs;
c) It supervised, by means of meetings and reports, the activities of the Company's internal control area, as well as discussed with the Company's management and independent auditors the effectiveness and adequacy of the Company's internal controls, having considered satisfactory the monitoring process of the risks reported by the Company's internal control area;
d) It evaluated and monitored the quality and integrity of the Company's enterprise risk management program, and concluded, after holding meetings with the management and analyzing reports, that the risk management framework is adequate and effective;
e) It followed up, by means of meetings and reports, the Company's financial statements preparation process, having revised the analyses and assumptions adopted by the management and corroborated by the Company's independent auditors for discussion of the standardized financial statements (DFP) and the financial statements for the fiscal year ended December 31, 2018;
f) It evaluated and monitored, together with the management and independent auditors, the adequacy of the related party transactions made by the Company and their respective disclosures;
g) It monitored the compliance with the Company's Code of Ethical Conduct;
h) It met, discussed with the executive officer responsible for internal audit, and approved the internal audit's work plan for the year 2018, having followed up the results of the works performed during the year, and taken notice of the audit reports and recommendations.

Finally, after meeting with Deloitte Touche Tohmatsu Auditores Independentes and taking notice of the independent auditor's report on the financial statements for the fiscal year ended December 31, 2018, it was satisfied with the provided information and clarifications, recommending its approval to the Board of Directors of the Company. It has also met with these same auditors to discuss about the standardized financial statements (DFP) of the Company, timely recommending that it is examined by the Board of Directors of the Company.

During the course of works, there was no situation of significant divergence between the Company's management, the independent auditors, and the Committee in relation to such financial statements.

Rio de Janeiro, February 25, 2019.

Renato Russo
Coordinator

Christopher John Minter
Member

Domingos Carelli Netto
Member

Jorge Augusto Hirs Saab
Member

Pierre Claude Perrenoud
Member

SUL AMÉRICA S.A.

CNPJ/MF nº 29.978.814/0001-87

NIRE 3330003299-1

Publicly held company with authorized capital

Statement of Directors on the Financial Statements:

The statutory officers of Sul América S.A., a publicly held company with authorized capital with head offices located in the city of Rio de Janeiro, registered in the roll of corporate taxpayers (CNPJ/MF) under number 29.978.814/0001-87, in accordance with Item VI, Paragraph 1, Article 25 of CVM Instruction 480 dated December 7, 2009, have reviewed, discussed and are in agreement with the Company's financial statements for the period ended on December 31, 2018.

SUL AMÉRICA S.A.

CNPJ/MF nº 29.978.814/0001-87

NIRE 3330003299-1

Publicly held company with authorized capital

Statement of Directors on the Report of Independent Auditors:

The statutory officers of Sul América S.A., a publicly held company with authorized capital with head offices located in the city of Rio de Janeiro, registered in the roll of corporate taxpayers (CNPJ/MF) under number 29.978.814/0001-87, in accordance with Item V, Paragraph 1, Article 25 of CVM Instruction 480 dated December 7, 2009, have reviewed, discussed and are in agreement with the opinions expressed in the report of the independent auditors of the Company, Deloitte Touche Tohmatsu Auditores Independentes, regarding the Company's financial statements for the period ended on December 31, 2018.