

# 3Q19

## MARKET CAPITALIZATION

R\$89.8 billion (09/30/2019)

R\$101.7 billion (11/07/2019)

## OUTSTANDING SHARES

Weighted average: 2,043,259,128

At end of period: 2,046,417,001

## STOCK PERFORMANCE

Jul'19 to Sep'19: +14.4%

## CONFERENCE CALL (English):

Date: November 08, 2019

Time: 11 a.m. (BrT)/ 09 a.m. (NYT)

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## Webcast:

<http://choruscall.com.br/b3/3q19.htm>

[www.b3.com.br/ir](http://www.b3.com.br/ir)

- ✓ Solid volume growth in equities and listed derivatives drove revenue and EBITDA increase
- ✓ Intense activity in the local equity and debt capital markets

**São Paulo, November 7, 2019** – B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: B3SA3) reports today its third-quarter 2019 (3Q19) earnings. Total revenues reached R\$1,706.6 million, a 34.1% increase over the same period of the previous year (3Q18), while recurring EBITDA<sup>1</sup> totaled R\$1,109.4 million, up by 42.3%. The Company’s recurring net income<sup>2</sup> in 3Q19 totaled R\$851.0 million.

**Chief Executive Officer of B3, Gilson Finkelsztain**, said: “The third quarter was marked by strong activity of our customers in our markets with record volumes in cash equities and listed derivatives, in addition to more than R\$70 billion in public equity offerings in the year. In a context of positive expectations after the approval of the social security reform, we remain focused on the execution of our strategy. By aligning our priorities with our client’s needs, we are developing new products and systems, strengthening our operational excellence, and constantly fine tuning our pricing and incentive policies.”

**Chief Financial and Investor Relations Officer, Daniel Sonder**, added: “Our solid operational performance in the quarter translated into a robust cash generation, underlining our operational leverage and expense discipline. We distributed R\$385.0 million in interest on capital and R\$264,8 million in dividends, with the total distributed amounting to R\$1.6 billion YTD.”

## Guidance

B3 reaffirms all its guidances for the year:

- Adjusted expenses<sup>3</sup> (OPEX): R\$1,060 – R\$1,110 million
- Revenue-linked expenses: R\$245 – R\$265 million
- Depreciation and amortization: R\$1,000 – R\$1,050 million
- Capital expenditures (CAPEX): R\$250 – R\$280 million
- Indebtedness at YE19: up to 1.5x Gross debt / recurring LTM EBITDA
- Distribution to shareholders: 120% - 150% of IFRS net income

More details on the Company’s guidance are available on the [Material Fact released on August 8, 2019](#).

## Noteworthy 3Q19 events – at a glance:

- Changes in the Contract System business model impacted revenues of the Infrastructure for financing and revenue-linked expenses (lower revenues mostly offset by lower revenue-linked expenses).
- Increase in data processing expenses, reflecting IT projects aimed at enhancing the Company’s infrastructure.
- Expenses impacted by the market price of B3SA3 share:
  - R\$32.0 million from provisions for legal disputes, for which a portion of the amount under discussion is updated according to the market price of B3SA3 (in 3Q18, this provision amounted to R\$15.3 million).
  - Personnel expenses related to long-term stock-based compensation, reached R\$41.4 million in 3Q19 in comparison with R\$39.7 million 3Q18.

## Income statement summary (in R\$ million)

	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
Total Revenue	1,706.6	1,272.5	34.1%	1,579.9	8.0%	4,818.3	3,893.2	23.8%
Net revenues	1,529.8	1,155.9	32.3%	1,421.1	7.6%	4,329.1	3,518.4	23.0%
Expenses	(677.7)	(642.0)	5.5%	(679.5)	-0.3%	(2,022.2)	(1,776.4)	13.8%
Financial result	(5.5)	(12.1)	-54.8%	55.6	-109.9%	70.9	(91.8)	-177.2%
Net income	719.6	465.4	54.6%	654.6	9.9%	1,980.3	1,505.3	31.5%
Adjusted expenses	(280.9)	(250.5)	12.2%	(249.9)	12.4%	(760.3)	(712.4)	6.7%
Recurring EBITDA	1,109.4	779.4	42.3%	999.1	11.0%	3,079.3	2,510.8	22.6%
Recurring EBITDA margin	72.5%	67.4%	509 bps	70.3%	221 bps	71.1%	71.4%	-23 bps
Recurring net income	851.0	613.4	38.7%	785.4	8.4%	2,372.9	1,919.5	23.6%

All comparisons in this document are in relation to 3Q18, unless otherwise stated.

<sup>1</sup> See reconciliation on page 3.

<sup>2</sup> See reconciliation on page 4.

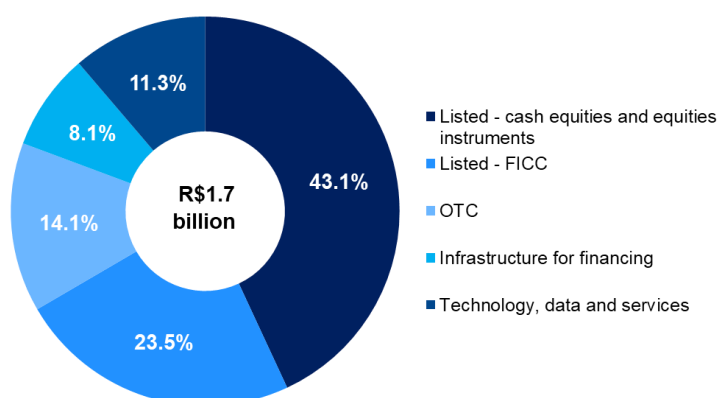
<sup>3</sup> See reconciliation on page 3.

## ANALYSIS OF 3Q19 EARNINGS

### REVENUES

**Total revenues:** totaled R\$1,706.6 million in 3Q19, up by 34.1%, mainly due to the growth in the Listed, Infrastructure for financing and Technology, data and services segments revenues.

**3Q19 Revenues Breakdown (% of total revenues)**



**Listed:** totaled R\$1,136.5 million in the quarter (66.6% of the total), up 58.1%.

- **Cash equities and equity instruments:** R\$735.0 million (43.1% of the total), a 73.1% increase.

Trading and post-trading: R\$624.3 million (36.6% of the total), a 79.0% increase, reflecting the growth in the volumes traded in the period, both in the cash equities market and in Stock indices future contracts, with average volumes increasing by 78.9% and 163.1%, respectively, and the growth in the average RPC of the Stock indices future contracts.

Depository: R\$37.7 million (2.2% of the total), up by 26.1% in the period. The 79.8% increase in the average number of accounts in the depository was partially offset by the incentives offered to clients through the program to expand the individual investor base in the equities market<sup>4</sup>, which totaled R\$17.1 million in 3Q19 (R\$38.5 million in the first nine months of 2019).

Stock lending: R\$41.5 million (2.4% of the total), a 35.6% increase, as a result of the 34.5% increase in the average financial volume of outstanding positions.

Listing and solutions for issuers: R\$31.6 million (1.8% of the total), up by 103.7%, mainly as a result of the greater number of public offerings in the quarter (12 follow-ons that totaled BRL 28.0 billion).

- **FICC:** R\$401.5 million (23.5% of the total), up by 36.4%, as a result of the increase in the average daily volume traded, particularly the Interest rate in BRL contracts, which showed an increase of 102.5%.

**OTC:** R\$240.2 million (14.1% of the total), a decrease of 4.1%.

- Fixed income: R\$150.2 million (8.8% of the total), down 9.2%, mainly as a result of the impact of the incentive program for Treasury Direct investors, which was introduced at the start of the year<sup>5</sup>. With the positive performance of brokerage companies in attracting new investors and expanding outstanding positions, revenue from Treasury Direct, net of rebates, dropped from R\$28.8 million in 3Q18 to R\$7.2 million in 3Q19. These incentives totaled R\$92.2 million versus revenues of R\$114.1 million in the first nine months of 2019.
- Derivatives: R\$48.2 million (2.8% of the total), an increase of 0.9%, since the increase in the financial volumes registered was partially offset by the decrease in the average fees because of contract mix.
- Other: R\$41.8 million (2.4% of the total), up by 11.9%, reflecting the growth in the volume of mutual funds' quotas under custody.

**Infrastructure for financing:** R\$137.7 million (8.1% of the total), a 4.6% growth. This increase can be attributed to (i) the 14.5% growth in the number of vehicles financed and (ii) the annual adjustment in prices by inflation, which was partially offset by the effects of the changes in the business model for transmitting data related to vehicle financing contracts in the States of São Paulo, Rio de Janeiro and Santa Catarina during the quarter.

In these states, B3 implemented a new model in which Detran-accredited registering companies, subject to previous authorization by the lending institutions, can access B3's platform in order to retrieve data regarding financed vehicle contracts. The most significant financial impact is that under this model there are no revenue-linked expenses related to payments made to registering companies. This change, in addition to reduce B3's expenses, has a negative impact on revenues, since under the previous model the cost of the registering companies was included in the prices charged by B3.

<sup>4</sup> The program offers bonuses in the form of partial exemptions from the custody fee for brokers who achieve performance targets related to growth in the number of accounts and the deposited balance of this investor group. The results of the incentive programs to attract investors to the stock market are measured and distributed every six months.

<sup>5</sup> The program offers revenue rebates for brokers that achieve performance targets related to growth in the number of investors and in the Treasury Direct balance. The results of the incentive programs to expanding the Treasury Direct are measured and distributed every six months.

**Technology, data and services:** R\$192.2 million (11.3% of the total), an increase of 12.3%.

- **Technology and access:** R\$114.0 million (6.7% of the total), up 10.2%, as a result of the growth of 7.0% in the number of customers accessing the OTC segment platforms, and the 35.4% increase in the number of electronic fund transfer (EFT) processed during the quarter.
- **Data and analytics:** R\$44.5 million (2.6% of the total), an increase of 8.6%, mainly due to the appreciation of the US Dollar against the Real, given that 45.8% of this revenue was linked to the US Dollar in 3Q19.
- **B3 Bank:** totaled R\$11.4 million in 3Q19 (0.7% of the total), an increase of 34.2%, as a result of the growth in the number of transactions carried out by foreign clients who use B3 Bank's custody services coupled with the increase in revenue from Brazilian Depositary Receipts (BDRs).

**Net Revenue:** an increase of 32.3%, totaling R\$1,529.8 million.

## EXPENSES<sup>6</sup>

**Expenses:** R\$677.7 million, an increase of 5.5%, mainly due to the increase in data processing and depreciation and amortization expenses.

**Adjusted expenses:** totaled R\$280.9 million, up 12.2%.

### Reconciliation of adjusted expenses (R\$ millions)

	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
<b>Expenses</b>	<b>(677.7)</b>	<b>(642.0)</b>	5.5%	<b>(679.5)</b>	-0.3%	<b>(2,022.2)</b>	<b>(1,776.4)</b>	<b>13.8%</b>
(+) Depreciation and amortization	257.3	236.4	8.8%	257.6	-0.1%	772.4	709.7	8.8%
(+) Long term stock-based compensation	41.4	39.7	4.3%	37.9	9.1%	131.9	88.4	49.2%
(+) Expenses related to the combination with Cetip	-	19.7	-	-	-	-	49.7	-
(+) Provisions (recurring and non-recurring)	49.2	44.3	11.2%	48.8	0.9%	148.5	75.5	96.7%
(+) Revenue-linked expenses	48.9	51.5	-5.1%	85.4	-42.8%	209.1	140.8	48.5%
<b>Adjusted expenses</b>	<b>(280.9)</b>	<b>(250.5)</b>	<b>12.2%</b>	<b>(249.9)</b>	<b>12.4%</b>	<b>(760.3)</b>	<b>(712.4)</b>	<b>6.7%</b>

**Personnel:** R\$210.7 million, an increase of 1.4%, reflecting (i) the annual collective bargaining agreement from Aug'19 onward, (ii) the filling of open positions and (iii) the consolidation of expenses from the companies acquired during the year (BLK and Portal de Documentos). These effects were partially offset by the decrease in the provision for employees' profit sharing (bonuses), reflecting adjustments in the provisioning curve over the course of the year (more evenly distributed among the quarters).

**Data processing:** R\$59.2 million, an increase of 37.1%, due to IT projects related to the improvement of infrastructure, processes, functionalities and controls of B3's business and corporate platforms.

**Depreciation and amortization:** R\$257.3 million, an increase of 8.8%, as a result of (i) the adjustment made to the amortization curve of intangible assets recognized in connection with the acquisition of Cetip (R\$198.8 million in 3Q19 versus R\$186.5 million in 3Q18), (ii) the start of the amortization of systems that became operational and (iii) the acceleration of the depreciation of fixed assets as a result of the retrofit project at the company's corporate headquarters.

**Revenue-linked expense:** R\$48.9 million, a drop of 5.1%, explained by the implementation of the new business model of data availability of vehicle financing contracts in the Infrastructure for financing segment, as explained above, which was implemented in some states and in which B3 no longer incurs expenses in relation to the registering companies.

**Third-party services:** totaled R\$14.9 million, a decrease of 38.5%, due to the reduction in legal expenses.

**Others:** totaled R\$67.9 million in 3Q19. The most significant item in this expense group are provisions, which for the most part consist of updates of provisions related to legal disputes for which part of the amount under discussion is updated in accordance with the share price of B3SA3<sup>7</sup> and which had a negative effect of R\$32.0 million in 3Q19 (by comparison with a negative effect of R\$15.3 million in 3Q18) due to the increase in B3SA3's share price.

## RECURRING EBITDA

**Recurring EBITDA:** totaled R\$1,109.4 million, up by 42.3%. The recurring EBITDA margin was 72.5%, up by 509 bps.

### Reconciliation of recurring EBITDA (R\$ millions)

	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
<b>EBITDA</b>	<b>1,109.4</b>	<b>750.3</b>	<b>47.9%</b>	<b>999.1</b>	<b>11.0%</b>	<b>3,079.3</b>	<b>2,451.6</b>	<b>25.6%</b>
(+) Expenses related to the combination with Cetip	-	19.7	-	-	-	-	49.7	-
(+) Non-recurring provisions	-	9.4	-	-	-	-	9.4	-
<b>Recurring EBITDA</b>	<b>1,109.4</b>	<b>779.4</b>	<b>42.3%</b>	<b>999.1</b>	<b>11.0%</b>	<b>3,079.3</b>	<b>2,510.8</b>	<b>22.6%</b>
<b>Recurring EBITDA margin</b>	<b>72.5%</b>	<b>67.4%</b>	<b>509 bps</b>	<b>70.3%</b>	<b>221 bps</b>	<b>71.1%</b>	<b>71.4%</b>	<b>-23 bps</b>

<sup>6</sup> Considering that the expense line related to the combination with Cetip does not exist in the 3Q19 financial statements and in order to preserve comparability, this group of expenses recognized in 3Q18 were reclassified to the lines where the expense (ie, personnel, third-party services, among others) was due.

<sup>7</sup> The number of shares equivalent to the amounts under discussion is 5,186,739 B3SA3 shares. B3SA3's closing price was R\$43.63 at the end of Sep/19, against R\$37.46 at the end of Jun/19, an increase of 16.5%.

## OTHER FINANCIAL HIGHLIGHTS

**Cash and cash equivalents and financial investments:** cash and cash equivalents and short- and long-term investments at the end of Sep'19 totaled R\$12,022.3 million, mainly comprised of: (i) B3's own cash, which totaled R\$8,116.8 million and includes the funds required for the Company's activities and R\$385.0 million in interest on capital and R\$264.8 million in dividends paid in Oct'19; (ii) R\$2,967.8 million in third-party funds, which include collateral deposited in cash by customers in the Company's clearing houses; (iii) R\$357.8 million in investments in other exchanges in Latin America ; and (iv) R\$579.9 million at B3 Bank.

**Indebtedness:** at the end of 3Q19, B3 showed gross debt of R\$5.5 billion (66.6% long term and 33.4% short term), which corresponds to 1.4x the recurring EBITDA for the last 12 months. Gross debt includes principal plus accrued interest, as well as the net financial exposure in derivatives to hedge the US Dollar-denominated debt. The most significant maturities are: (i) R\$1.5 billion in Dec'19; (ii) USD 612 million (R\$2.5 billion) in Jul'20, which are fully hedged for the principal and interest since Mar'18; and (iii) R\$1.2 billion in debentures recently issued in the local market due in May'22<sup>8</sup>.

**Financial result:** was negative by R\$5.5 million in 3Q19. Financial revenues totaled R\$157.8 million, an increase of 15.6%, which can mainly be attributed to the increase in the Company's average cash position. Financial expenses totaled R\$118.1 million, a decrease of 6.5%, which is largely explained by the Company's lower average level of indebtedness during the quarter together with the reduction in the cost of the debt.

In addition, it is important to note that the financial result was also negatively impacted by the exchange rate variation on offshore loans and on the Company's overseas investment. The negative impact totaled R\$52.1 million in 3Q19 and has been fully offset by lower income and social contribution taxes line (hedge structure). The table below isolates both impacts: on the financial income and on the income and social contribution taxes:

Hedge Impact in the Results	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)
Net Financial Income	(5.5)	(12.1)	-54.8%	55.6	-109.9%
(+/-) Effects of the hedge on net financial income	52.1	23.2	124.3%	10.1	415.0%
<b>Adjusted net financial income (excluding the effects of the hedge)</b>	<b>46.6</b>	<b>11.1</b>	<b>319.8%</b>	<b>65.7</b>	<b>-29.0%</b>
Income before income tax	847.3	493.4	71.7%	797.6	6.2%
(+/-) Effects of the hedge on net financial income	52.1	23.2	124.3%	10.1	415.0%
<b>Income before tax and social contribution (excluding hedge effect)</b>	<b>899.5</b>	<b>516.7</b>	<b>74.1%</b>	<b>807.7</b>	<b>11.4%</b>
Income and social contribution taxes	(127.7)	(28.0)	356.0%	(143.1)	-10.7%
(+/-) Effects of the hedge on income and social contribution taxes	(52.1)	(23.2)	124.3%	(10.1)	415.0%
<b>Adjusted income and social contribution taxes (excluding the effects of the hedge)</b>	<b>(179.9)</b>	<b>(51.2)</b>	<b>251.0%</b>	<b>(153.2)</b>	<b>17.4%</b>

**Income tax and social contribution:** The income tax and social contribution line totaled R\$127.7 million in 3Q19 and was affected by the payment of interest on capital (IoC) in the amount of R\$385.0 million. Current tax totaled R\$71.9 million and includes R\$4.1 million with cash impact. Deferred income tax and social contribution totaled R\$55.8 million, without any cash impact. This amount is composed of the temporary difference in the amortization of goodwill for tax purposes of R\$119.6 million in 3Q19 and the creation of deferred tax of R\$63.8 million (positive) which was mainly related to tax credits.

**Net income (attributable to shareholders):** totaled R\$719.8 million, an increase of 54.7%, reflecting the improvement in operating performance, which was partially offset by the increase in income tax and social contribution.

### Reconciliation of net income (R\$ million)

	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
<b>Net income (attributable to shareholders)</b>	<b>719.8</b>	<b>465.4</b>	<b>54.7%</b>	<b>654.8</b>	<b>9.9%</b>	<b>1,980.8</b>	<b>1,504.5</b>	<b>31.7%</b>
(+) Expenses related to the combination with Cetip	-	13.0	-	-	-	-	32.8	-
(+) Non-recurring provisions	-	6.2	-	-	-	-	6.2	-
(+) Impairment	-	5.8	-	-	-	-	5.8	-
(+) Amortization of intangibles from combination with Cetip	131.2	123.1	6.6%	130.6	0.5%	392.1	370.2	5.9%
<b>Recurring net income</b>	<b>851.0</b>	<b>613.4</b>	<b>38.7%</b>	<b>785.4</b>	<b>8.4%</b>	<b>2,372.9</b>	<b>1,919.5</b>	<b>23.6%</b>
(+) Deferred Tax (goodwill from Cetip combination)	119.6	119.6	-	119.6	-	358.9	358.9	-
<b>Recurring net income adjusted by goodwill tax benefit</b>	<b>970.6</b>	<b>733.1</b>	<b>32.4%</b>	<b>905.0</b>	<b>7.3%</b>	<b>2,731.8</b>	<b>2,278.4</b>	<b>19.9%</b>

**CAPEX:** amounted to R\$79.1 million in 3Q19, mainly related to upgrades of systems and technology for all the segments in which B3 operates, as well as to product development and to the retrofit project of the Company's headquarters (engineering, furniture and technology). In the first nine months of 2019, the investments totaled R\$178.9 million.

**Distributions to shareholders:** in Sep'19, the Board of Directors approved the distribution of interest on capital and dividends in the amounts of R\$385.0 million and R\$264.8 million, respectively. Such amounts were paid on October 7, 2019.

<sup>8</sup> The debentures issued in 2019 have their first put date (renegotiation date) for 100% of the principal in May'22 and a final maturity in 2049.

## PERFORMANCE BY SEGMENT

### Listed

**Equities:** the highlights in the equities segment were the 78.9% growth in the average daily traded value on the cash equities market and the 163.1% increase in the volumes of Stock indices futures contracts. In the cash equities market, this increase reflects both the 29.8% growth in the average market capitalization<sup>9</sup> as well as the higher turnover velocity<sup>10</sup>, which rose to 102.5% in 3Q19. In the future contracts market, the positive performance can be attributed to the growth in trading of Mini Stock indices future contracts, particularly by individual investors and by High Frequency Traders (HFT).

The trading/post-trading margin in cash equities was 4.281 bps in 3Q19. The 0.439 bps decrease is mostly explained by (i) the marginal discounts given to the market in accordance with B3's pricing policy<sup>11</sup> and (ii) the greater participation of institutional investors, whose fees are lower. The average RPC of the stock indices futures contracts in the period increased by 15.5%, due to the new way B3 charges for these contracts since Mar'19.

The 79.8% growth in the number of active investors in the equities depository also provides evidence, for another quarter, of the increased interest in diversifying investments in a low interest rate scenario. Through incentive programs, B3 continues to support brokerage firms that have been dedicated to attracting new retail clients to the equities market. The programs last for six months and the parameters were revised at the end of June and will remain in force throughout the second half of 2019.

**FICC:** average daily volume traded totaled 4.0 million contracts in 3Q19, a 64.7% growth, reflecting the increase in the volume traded of all contracts, with the highlight being the volume of Interest rates in BRL contracts, which was boosted by the change in the outlook for interest rates in Brazil, both in relation to the interest rate cuts implemented by the National Monetary Council during the quarter, as well as the expectation of further changes over the short- and medium-term. Average RPC dropped 23.1%, influenced by the 28.6% decrease in the RPC of Interest rate in BRL contracts, reflecting the increased share of short-term contracts, which have a lower tariff than long-term contracts.

### OTC

**Fixed Income:** In 3Q19, the volume of new issues and the outstanding positions of registered bank funding instruments showed a 14.8% and 8.4% increase, respectively, mainly as a result of the growth in issues of Bank Certificates of Deposit and Interbank Deposits. In the opposite direction and even considering the increase in issues of corporate debt in local capital markets, the average outstanding position in terms of corporate debt showed a 10.6% decline, mainly as a result of the significant volume of redemptions of debentures issued by leasing companies, due to regulatory changes<sup>12</sup>.

Another highlight of the fixed income market was the sharp growth of Treasury Direct, whose number of investors increased by 71.4% and the outstanding position posted a 28.5% growth, evidencing the increase in interest of investors for greater diversification of their investments. B3 offers an incentive program for brokerage firms to increase their number of investors and outstanding positions in this product. This incentive program is revised on a six-monthly basis, and the targets established for the second half of 2019 were adjusted to consider the results obtained during the first half of the year. This incentive program is yet another example of the way in which the Company supports its clients in developing the Brazilian market.

**Derivatives:** The registration of new issues on the OTC derivatives and structured notes market showed a growth of 9.5%, which was concentrated for the most part in FX swap and forward contracts. The average volume of outstanding positions increased by 3.7%.

### Infrastructure for Financing

In 3Q19, the number of additions in the National Liens System (SNG) showed a 14.5% growth, which can be explained by the 6.1% increase in the total number of vehicles sold added to the higher credit penetration, which reached 32.2% in 3Q19.

In the Contracts System, the number of additions in 3Q19 was 7.0% higher, reflecting the growth in the number of vehicles financed, which was partially offset by the reduction in B3's market share, which totaled 61.2%. In 3Q19, B3, together with its clients, changed the way it provides contract services in the states of São Paulo, Rio de Janeiro and Santa Catarina (as mentioned in the Revenues section). This change, coupled with the interruption of B3's service in the state of Paraná in Oct'18, had a negative impact on the company's market share. On the other hand, the resumption of the service in the states of Minas Gerais and Piauí, with these new products, had a positive impact on the figures from May'19 onward, which explains the increase in market share in comparison with 2Q19.

### Technology, Data and Services

The average number of clients that pay the monthly utilization fees related to services in the OTC segment was up by 7.0% and the number of electronic cash transfers (EFT) processed during the quarter was 35.4% higher.

<sup>9</sup> Market capitalization is obtained by multiplying the number of shares issued by the listed companies by their respective market prices.

<sup>10</sup> Turnover velocity is obtained by dividing the annualized trading volume on the spot market during the period, by the average market capitalization in the quarter.

<sup>11</sup> According to the table of fees in force, marginal discounts are granted to the entire market whenever the month's daily average trading exceeds the levels of BRL 9 billion, BRL 11 billion and BRL 13 billion.

<sup>12</sup> In Oct'16, the Central Bank published a resolution prohibiting the execution, extension and renewal of REPOS with securities issued by companies linked to the same financial conglomerate, including debentures issued by its leasing companies.

## SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS	September 30, 2019	Dec 31, 2018	LIABILITIES AND EQUITY	September 30, 2019	Dec 31, 2018
<b>Current assets</b>	<b>11,509,549</b>	<b>7,475,618</b>	<b>Current liabilities</b>	<b>9,113,131</b>	<b>5,755,789</b>
Cash and cash equivalents	642,589	329,687	Collateral for transactions	2,901,932	2,110,933
Financial investments	9,604,951	6,487,587	Financial instruments for hedge	2,447	7,288
Others	1,262,009	658,344	Loan	4,128,765	1,777,213
<b>Noncurrent assets</b>	<b>29,441,320</b>	<b>30,196,627</b>	Others	2,079,987	1,860,355
<b>Long-term receivables</b>	<b>2,070,164</b>	<b>2,388,707</b>	<b>Noncurrent liabilities</b>	<b>6,461,977</b>	<b>6,872,260</b>
Financial investments	1,774,786	1,755,193	Debt issued abroad	1,847,831	2,731,946
Others	295,378	633,514	Deferred inc. tax and social contrib.	3,650,361	3,344,440
<b>Investments</b>	<b>47,161</b>	<b>45,591</b>	Others	963,785	795,874
<b>Property and equipment, net</b>	<b>644,169</b>	<b>627,325</b>	<b>Equity</b>	<b>25,375,761</b>	<b>25,044,196</b>
<b>Intangible assets</b>	<b>26,679,826</b>	<b>27,135,004</b>	Capital	3,548,655	3,548,655
Goodwill	22,415,737	22,338,799	Capital reserve	18,088,434	18,066,178
Software and projects	4,264,089	4,796,205	Others	3,724,697	3,418,136
			Non-controlling interests	13,975	11,227
<b>Total Assets</b>	<b>40,950,869</b>	<b>37,672,245</b>	<b>Total liabilities and equity</b>	<b>40,950,869</b>	<b>37,672,245</b>



**IFRS ACCOUNTING INCOME STATEMENT**

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
<b>Total revenue</b>	<b>1,706,592</b>	<b>1,272,492</b>	<b>34.1%</b>	<b>1,579,871</b>	<b>8.0%</b>	<b>4,818,332</b>	<b>3,893,229</b>	<b>23.8%</b>
<b>Listed</b>	<b>1,136,521</b>	<b>719,069</b>	<b>58.1%</b>	<b>1,016,811</b>	<b>11.8%</b>	<b>3,108,453</b>	<b>2,308,709</b>	<b>34.6%</b>
<b>Cash equities and equities instruments</b>	<b>735,002</b>	<b>424,664</b>	<b>73.1%</b>	<b>637,104</b>	<b>15.4%</b>	<b>2,001,953</b>	<b>1,384,180</b>	<b>44.6%</b>
Trading and post-Trading	624,270	348,705	79.0%	542,641	15.0%	1,705,519	1,156,267	47.5%
Depository	37,681	29,872	26.1%	29,582	27.4%	104,120	88,540	17.6%
Securities lending	41,495	30,597	35.6%	37,431	10.9%	113,134	86,052	31.5%
Listing and services for issuers	31,556	15,490	103.7%	27,450	15.0%	79,180	53,321	48.5%
<b>Interest Rates BRL, FX and commodities</b>	<b>401,519</b>	<b>294,405</b>	<b>36.4%</b>	<b>379,707</b>	<b>5.7%</b>	<b>1,106,500</b>	<b>924,529</b>	<b>19.7%</b>
Trading and Post-Trading	401,519	294,405	36.4%	379,707	5.7%	1,106,500	924,529	19.7%
<b>OTC</b>	<b>240,156</b>	<b>250,538</b>	<b>-4.1%</b>	<b>218,566</b>	<b>9.9%</b>	<b>699,447</b>	<b>716,965</b>	<b>-2.4%</b>
Fixed Income	150,166	165,398	-9.2%	131,328	14.3%	438,263	477,981	-8.3%
Derivatives	48,232	47,813	0.9%	47,760	1.0%	140,235	129,695	8.1%
Other	41,758	37,327	11.9%	39,478	5.8%	120,949	109,289	10.7%
<b>Infrastructure for financing</b>	<b>137,682</b>	<b>131,671</b>	<b>4.6%</b>	<b>163,176</b>	<b>-15.6%</b>	<b>452,981</b>	<b>367,477</b>	<b>23.3%</b>
<b>Technology, data and services</b>	<b>192,233</b>	<b>171,214</b>	<b>12.3%</b>	<b>181,318</b>	<b>6.0%</b>	<b>557,451</b>	<b>500,078</b>	<b>11.5%</b>
Technology and access	113,969	103,392	10.2%	109,329	4.2%	331,324	307,549	7.7%
Data and analytics	44,545	41,023	8.6%	44,449	0.2%	131,910	112,648	17.1%
Bank	11,408	8,500	34.2%	11,531	-1.1%	35,020	24,045	45.6%
Other	22,311	18,299	21.9%	16,009	39.4%	59,197	55,836	6.0%
<b>Revenue deductions</b>	<b>(176,821)</b>	<b>(116,558)</b>	<b>51.7%</b>	<b>(158,792)</b>	<b>11.4%</b>	<b>(489,240)</b>	<b>(374,849)</b>	<b>30.5%</b>
PIS and Cofins	(147,771)	(95,124)	55.3%	(132,137)	11.8%	(407,839)	(311,056)	31.1%
Service tax	(29,050)	(21,434)	35.5%	(26,655)	9.0%	(81,401)	(63,793)	27.6%
<b>Net revenues</b>	<b>1,529,771</b>	<b>1,155,934</b>	<b>32.3%</b>	<b>1,421,079</b>	<b>7.6%</b>	<b>4,329,092</b>	<b>3,518,380</b>	<b>23.0%</b>
<b>Expenses</b>	<b>(677,673)</b>	<b>(642,041)</b>	<b>5.5%</b>	<b>(679,548)</b>	<b>-0.3%</b>	<b>(2,022,213)</b>	<b>(1,776,425)</b>	<b>13.8%</b>
Personnel	(210,728)	(207,739)	1.4%	(192,657)	9.4%	(605,463)	(563,876)	7.4%
Data processing	(59,157)	(43,156)	37.1%	(43,946)	34.6%	(141,761)	(131,161)	8.1%
Depreciation and amortization	(257,295)	(236,390)	8.8%	(257,573)	-0.1%	(772,430)	(709,677)	8.8%
Revenue-linked expenses	(48,854)	(51,497)	-5.1%	(85,355)	-42.8%	(209,109)	(140,784)	48.5%
Third-party services	(14,896)	(24,221)	-38.5%	(18,072)	-17.6%	(51,621)	(59,656)	-13.5%
Maintenance	(5,625)	(4,944)	13.8%	(5,189)	8.4%	(16,466)	(15,761)	4.5%
Marketing	(7,568)	(8,200)	-7.7%	(6,156)	22.9%	(17,898)	(20,578)	-13.0%
Taxes	(2,359)	(2,099)	12.4%	(4,425)	-46.7%	(9,703)	(7,826)	24.0%
Board and committee members' compensation	(3,283)	(3,031)	8.3%	(4,881)	-32.7%	(11,002)	(10,714)	2.7%
Others	(67,908)	(60,764)	11.8%	(60,510)	12.2%	(186,760)	(116,392)	60.5%
<b>Operating income</b>	<b>852,098</b>	<b>513,893</b>	<b>65.8%</b>	<b>741,531</b>	<b>14.9%</b>	<b>2,306,879</b>	<b>1,741,955</b>	<b>32.4%</b>
<i>Operating margin</i>	<i>55.7%</i>	<i>44.5%</i>	<i>1.124 bps</i>	<i>52.2%</i>	<i>352 bps</i>	<i>53.3%</i>	<i>49.5%</i>	<i>378 bps</i>
<b>Impairment</b>	<b>-</b>	<b>(8,722)</b>	<b>-100.0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,722)</b>	<b>-100.0%</b>
<b>Equity in income of investees</b>	<b>722</b>	<b>371</b>	<b>94.6%</b>	<b>491</b>	<b>47.0%</b>	<b>2,708</b>	<b>1,650</b>	<b>64.1%</b>
<b>Financial result</b>	<b>(5,477)</b>	<b>(12,125)</b>	<b>-54.8%</b>	<b>55,597</b>	<b>-109.9%</b>	<b>70,901</b>	<b>(91,784)</b>	<b>-177.2%</b>
Financial income	157,820	136,531	15.6%	149,165	5.8%	418,109	366,043	14.2%
Financial expenses	(118,083)	(126,318)	-6.5%	(102,348)	15.4%	(306,118)	(351,811)	-13.0%
Net FX variation	(45,214)	(22,338)	102.4%	8,780	-615.0%	(41,090)	(106,016)	-61.2%
<b>Income before taxes</b>	<b>847,343</b>	<b>493,417</b>	<b>71.7%</b>	<b>797,619</b>	<b>6.2%</b>	<b>2,380,488</b>	<b>1,643,099</b>	<b>44.9%</b>
<b>Income tax and social contribution</b>	<b>(127,737)</b>	<b>(28,011)</b>	<b>356.0%</b>	<b>(143,069)</b>	<b>-10.7%</b>	<b>(400,215)</b>	<b>(137,750)</b>	<b>190.5%</b>
Current	(71,901)	(2,267)	3071.6%	(33,392)	115.3%	(111,062)	(1,839)	5939.3%
Deferred	(55,836)	(25,744)	116.9%	(109,677)	-49.1%	(289,153)	(135,911)	112.8%
<b>Net income</b>	<b>719,606</b>	<b>465,406</b>	<b>54.6%</b>	<b>654,550</b>	<b>9.9%</b>	<b>1,980,273</b>	<b>1,505,349</b>	<b>31.5%</b>
<i>Net margin</i>	<i>47.0%</i>	<i>40.3%</i>	<i>678 bps</i>	<i>46.1%</i>	<i>98 bps</i>	<i>45.7%</i>	<i>42.8%</i>	<i>296 bps</i>
<b>Attributable to:</b>								
B3's shareholders	<b>719,830</b>	<b>465,364</b>	<b>54.7%</b>	<b>654,769</b>	<b>9.9%</b>	<b>1,980,797</b>	<b>1,504,522</b>	<b>31.7%</b>
<i>Net margin</i>	<i>47.1%</i>	<i>40.3%</i>	<i>680 bps</i>	<i>46.1%</i>	<i>98 bps</i>	<i>45.8%</i>	<i>42.8%</i>	<i>299 bps</i>
Minority interest	(224)	42	-633.3%	(219)	2.3%	(524)	827	-163.4%

## FORMER REVENUE SEGMENTATION

(In thousand of Brazilian Reals, unless otherwise indicated)	3Q19	3Q18	3Q19/3Q18 (%)	2Q19	3Q19/2Q19 (%)	9M19	9M18	9M19/9M18 (%)
<b>Total revenues</b>	<b>1,706,591</b>	<b>1,272,492</b>	<b>34.1%</b>	<b>1,579,871</b>	<b>8.0%</b>	<b>4,818,332</b>	<b>3,893,229</b>	<b>23.8%</b>
<b>Trading/settlement - BM&amp;F</b>	<b>510,320</b>	<b>331,854</b>	<b>53.8%</b>	<b>480,676</b>	<b>6.2%</b>	<b>1,386,271</b>	<b>1,036,203</b>	<b>33.8%</b>
Derivatives	504,353	327,071	54.2%	474,370	6.3%	1,368,011	1,021,477	33.9%
Foreign exchange	5,967	4,783	24.8%	6,307	-5.4%	18,260	14,726	24.0%
<b>Trading/settlement - Bovespa</b>	<b>547,693</b>	<b>322,305</b>	<b>69.9%</b>	<b>462,775</b>	<b>18.3%</b>	<b>1,495,260</b>	<b>1,076,052</b>	<b>39.0%</b>
Trading fees	447,724	50,103	793.6%	65,269	586.0%	582,869	166,695	249.7%
Clearing fees	74,100	266,073	-72.2%	381,321	-80.6%	858,635	889,914	-3.5%
Other	25,869	6,129	322.1%	16,185	59.8%	53,757	19,443	176.5%
<b>Cetip Securities segment</b>	<b>329,075</b>	<b>312,136</b>	<b>5.4%</b>	<b>317,066</b>	<b>3.8%</b>	<b>962,046</b>	<b>903,249</b>	<b>6.5%</b>
Registration fees	38,223	34,354	11.3%	37,031	3.2%	107,134	97,489	9.9%
Maintenance (CSD/TR)	147,325	140,831	4.6%	142,455	3.4%	430,569	401,384	7.3%
Monthly utilization	78,736	73,411	7.3%	77,413	1.7%	232,472	222,147	4.6%
Transaction fees	32,585	31,589	3.2%	30,448	7.0%	98,685	87,855	12.3%
Other revenue from services	32,207	31,951	0.8%	29,719	8.4%	93,185	94,374	-1.3%
<b>Cetip Financing segment</b>	<b>137,044</b>	<b>138,261</b>	<b>-0.9%</b>	<b>170,432</b>	<b>-19.6%</b>	<b>464,957</b>	<b>383,693</b>	<b>21.2%</b>
SNG	47,730	47,044	1.5%	53,620	-11.0%	152,542	134,852	13.1%
Contracts Systems (Sircof)	56,970	70,540	-19.2%	89,496	-36.3%	230,187	192,750	19.4%
Market data and Development of solutions	31,741	20,230	56.9%	25,426	24.8%	79,186	54,898	44.2%
Other revenue from services	603	447	35.0%	1,890	-68.1%	3,042	1,193	155.0%
<b>Other revenues</b>	<b>182,459</b>	<b>167,936</b>	<b>8.6%</b>	<b>148,922</b>	<b>22.5%</b>	<b>509,798</b>	<b>494,032</b>	<b>3.2%</b>
Securities lending	41,495	30,597	35.6%	37,431	10.9%	113,134	86,051	31.5%
Listing	16,405	14,693	11.7%	16,592	-1.1%	48,966	45,659	7.2%
Depository, custody and back-office	48,518	62,394	-22.2%	27,933	73.7%	137,007	184,353	-25.7%
Trading access (Brokers)	15,099	11,817	27.8%	15,888	-5.0%	44,799	34,929	28.3%
Vendors - quotations and market information	43,024	31,484	36.7%	35,028	22.8%	112,833	89,001	26.8%
BM&FBOVESPA bank	11,408	8,500	34.2%	11,530	-1.1%	35,020	24,045	45.6%
Others	6,511	8,451	-23.0%	4,520	44.0%	18,038	29,994	-39.9%
<b>Revenue deductions</b>	<b>(176,821)</b>	<b>(116,558)</b>	<b>51.7%</b>	<b>(158,792)</b>	<b>11.4%</b>	<b>(489,240)</b>	<b>(374,849)</b>	<b>30.5%</b>
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