



QUARTERLY FINANCIAL STATEMENTS

2Q20

Dear Shareholders,

B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”) hereby submits for your consideration the Management’s Discussion & Analysis regarding the activities performed in the second quarter of 2020 (2Q20).

MESSAGE FROM MANAGEMENT

The beginning of the second quarter of 2020 coincided with the most critical moment of the crisis caused by the pandemic. People’s behaviors and public policies were mainly steered to mitigate ongoing health concerns and the economic dislocation caused by the crisis. Although it is too early to assess the full extent of the effects of the pandemic, the prices of financial assets which had seen a sharp decrease initially have seen a significant recovery as a result of the adoption of monetary easing measures and the increase in fiscal spending, to fund economic support programs both in Brazil and in several countries around the world. News of progress in clinical treatments and vaccine research, in addition to greater control of the disease spread with the adoption of social distancing measures, also contributed to a brighter perspective.

The Brazilian capital and financial markets, faced an unprecedented scenario that combined volatility, caused by the uncertainties that accompany the current crisis, with historically low interest rates. This has led investors, mostly locals, to seek to diversify their portfolios away from government fixed income instruments, as evidenced by the growth in volumes traded in our main markets. The strength of this demand encouraged companies to resume their capital raising plans, for both debt and equity, resulting in a pick-up in the pipeline of IPOs and follow-on offers.

In this context of higher demand for products and services offered by B3, the main priorities for our Company were to maintain our operational excellence and resilience and ensuring our team was safe and adjusting well to remote work. We focused our efforts in offering our clients the safest environment to execute their trades, both in terms of availability and proper functioning of our platforms as well as from a risk management standpoint.

We also continued to honor our commitment to deliver products and solutions that meet our clients’ demands, despite all challenges and restrictions imposed by the crisis. Key product launches in the quarter were: on the listed market, (i) COPOM option contract, (ii) the debenture pricing tool, and (iii) the new model for Infrastructure funds’ listing; and on the OTC market, (iv) Decarbonization Credit (CBios) and (v) Guaranteed Financial Letter, in which we worked together with the Central Bank to develop a solution that provided easier access to credit during the pandemic.

Still on the development of our markets, CVM announced, in August, important changes in the rules related to Brazilian Depositary Receipts (BDRs), with emphasis on the permission to trade BDRs backed (i) by stocks of companies with assets or revenues in Brazil primarily listed abroad, (ii) by international ETFs, and (iii) by international bonds of Brazilian issuers. In addition, the new rules allow the trading of BDRs, with some restrictions, for non-qualified investors (retail), expanding the potential customer base for these instruments. B3’s work and support for the approval of this measure reinforces our alignment with the objectives of both the regulator and market participants, by expanding the list of products available to local investors, without giving up safety and health in the market.

Additionally, we expanded our efforts to mitigate the effects of the new coronavirus on society through donations made by both B3 and B3 Social, a non-profit association of which B3 is a founding member. The second phase of this private social investment effort includes, in addition to initiatives in health and food support that were the focus in the first phase, investments in projects that provide funds for micro-entrepreneurs and community businesses. The amount to be disbursed in this second phase is R\$17 million, which added to the R\$12 million invested in the first phase. An additional R\$21 million will be disbursed in the third phase, to achieve a total of R\$50 million by the 1st quarter of 2021.

The high volumes in our main businesses translated into sound financial performance and strong cash generation during the second quarter. In line with our goal of maintaining an adequate capital structure, we took a bank loan of R\$1.25 billion in June, and announced the issuance of a R\$3.55 billion local debenture by the end of August, while disbursing a net R\$ 2.5 billion¹ in July to retire our 2020 Global Bonds.

The current scenario continues to require caution, but we are optimistic about the prospects for resumption of investments and the potential structural effects brought about by the increase in the number of investors in Brazil’s capital markets. Accordingly, B3 remains ready to offer the infrastructure to serve our customers and regulators and support the Brazil’s economic growth.

¹ Net of proceeds from hedging

OPERATIONAL PERFORMANCE

All comparisons in this document are in relation to the second quarter of 2019 (2Q19), unless otherwise stated.

Listed

In the second quarter of 2020, the listed segment performance continued to be impacted by the volatility in financial and capital markets arising from the effects of the COVID-19 pandemic and by the lower interest rate scenario, both in Brazil and globally.

Equities

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Cash Market	ADTV (R\$ million)	28,300.4	14,747.6	91.9%	27,863.8	1.6%
	Margin (bps)	3.955	4.458	-0.503 bps	4.116	-0.161 bps
Average Market capitalization	(R\$ billion)	3,565.7	3,843.8	-7.2%	4,333.7	-17.7%
Turnover velocity	Annualized (%)	197.6%	95.2%	1.025 bps	160.1%	0.375 bps
Options market (stocks/Indices)	ADTV (R\$ million)	600.9	287.9	108.7%	789.2	-23.9%
	Margin (bps)	12.394	14.552	-2.157 bps	9.046	3.348 bps
Forward market	ADTV (R\$ million)	144.7	157.7	-8.3%	267.1	-45.8%
	Margin (bps)	13.041	13.150	-0.108 bps	13.000	0.041 bps
Future stock indices	ADV (thousands of contracts)	2,356.6	1,445.2	63.1%	2,175.8	8.3%
	Average RPC (R\$)	1.057	1.075	-1.7%	0.986	7.3%
Investors number	Average (thousand)	2,534.7	1,118.3	126.7%	2,032.8	24.7%
Securities lending	Average open positions (R\$ billion)	67.1	56.4	19.0%	69.8	-3.8%

Note: ADTV stands for Average Daily Traded Value; ADV stands for Average Daily Volume; RPC stands for Revenue per Contract; and bps stands for basis point; market turnover results from dividing the volume traded on the spot market in the period by the average market capitalization for the year.

The equities segment experienced a 91.9% growth in the cash equities market's ADTV and a 63.1% increase in stock indices futures contracts' volumes. In the cash equities market, this increase reflects a higher turnover velocity, which reached 197.6% in the quarter. For the stock indices futures contracts market, the performance is explained by the continued growth in trading of mini contracts, particularly by individual investors and by High Frequency Traders (HFT).

The trading/post-trading margin in cash equities was 3.955 bps. The 0.503 bps decrease is mostly explained by the discounts given to the market in accordance with B3's pricing policy² and by the greater participation of day traders, who pay lower fees. The average RPC of the stock indices futures contracts in the period remained practically unchanged.

The 126.7% growth in the average number of active investors in the equities depository also provides evidence of investors' growing interest in diversifying investments given the lower interest rate environment, despite current market volatility. Through our incentive programs, B3 continues to support brokerage firms that focus on attracting new clients to the market.

FICC

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Interest rates in BRL	ADV (thousands of contracts)	2,822.0	2,814.0	0.3%	3,887.7	-27.4%
	Average RPC (R\$)	0.851	0.864	-1.5%	0.813	4.6%
Interest rates in USD	ADV (thousands of contracts)	257.3	400.3	-35.7%	266.2	-3.3%
	Average RPC (R\$)	2.491	1.862	33.8%	2.140	16.4%
FX rates	ADV (thousands of contracts)	979.2	720.0	36.0%	791.8	23.7%
	Average RPC (R\$)	5.317	3.954	34.5%	4.308	23.4%
Commodities	ADV (thousands of contracts)	10.1	8.9	14.4%	12.6	-19.6%
	Average RPC (R\$)	2.177	2.121	2.7%	2.010	8.3%
Total	ADV (thousands of contracts)	4,068.6	3,943.2	3.2%	4,958.3	-17.9%
	Average RPC (R\$)	2.033	1.533	32.6%	1.446	40.6%

² According to the table of fees in effect in 1H2020, marginal discounts are granted to the entire market whenever the month's daily average trading (ADTV) exceeds the levels of R\$9 billion, R\$11 billion and R\$13 billion.

The average daily volume traded totaled 4.1 million contracts, a 3.2% growth, reflecting mainly the increase in the volume traded of FX rates contracts, which were boosted by its mini versions. Average RPC for the segment grew 32.6%, driven primarily by the 36.1% appreciation of the USD against the R\$ in the period, with a positive impact on the RPC of FX Rate, Interest Rate in USD and Commodities contracts, since they are priced in US dollar.

OTC

Fixed income instruments

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Issues	Bank funding (total in R\$ billion)	2,812.1	2,164.7	29.9%	2,583.7	8.8%
	Other (total in R\$ billion)	217.5	154.2	41.1%	115.8	87.8%
Stock	Bank funding (average in R\$ billion)	1,929.6	1,416.3	36.2%	1,571.0	22.8%
	Corporate debt (average in R\$ billion)	693.1	606.4	14.3%	676.7	2.4%
	Other (average in R\$ billion)	773.8	610.5	26.7%	680.2	13.8%
Treasury Direct	Number of investors (average in thousand)	1,273.8	1,038.2	22.7%	1,212.8	5.0%
	Stock (average in R\$ billion)	66.0	62.3	5.9%	64.8	1.9%

During the quarter, the volume of new issues and the outstanding position of bank funding instruments showed a 29.9% and 36.2% increase, respectively, mainly as a result of the growth in issues of Bank Deposit Certificates and Interbank Deposit Certificates, which represented 65.4% and 30.8% of all new issues, respectively. Another highlight of the quarter was the beginning of registration of Guaranteed Financial Letters, issued by financial institutions to the Central Bank in an effort to provide liquidity to the market amid the pandemic, which recorded an issue volume of R\$30 billion in 2Q20. Additionally, the average outstanding position of corporate debt increased by 14.3%, with leasing debentures representing 30.1% of this position in 2Q20 (vs. 34.9% for 2Q19). The growth of corporate debt issues speaks to the increasing relevance of capital markets as a source of funding for companies in Brazil.

Treasury Direct also recorded positive performance, with a 22.7% increase in the number of investors and 5.9% growth in outstanding position. B3 offers an incentive program for brokerage firms to increase the number of investors and the outstanding position in this product. This incentive program is revised on a yearly basis, and the targets established for the year were adjusted to reflect the results obtained in 2019. Additionally, B3 and the National Treasury announced that, as of August, the custody fee for Treasury Selic will be waived for the first R\$10,000 invested.

OTC Derivatives and Structured Notes

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Issues	(total in R\$ billion)	3,540.9	2,676.2	32.3%	3,991.0	-11.3%
Stock	(average in R\$ billion)	4,018.8	2,628.0	52.9%	3,432.7	17.1%

The registration of new issues on the OTC derivatives and structured notes grew 32.3%, mostly due to FX contracts and other derivatives³, which continued to show a strong demand during the quarter due to the FX rate volatility. The average volume of outstanding positions increased by 52.9%.

Infrastructure for Financing

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
SNG	Number of vehicles sold (thousand)	1,768.4	4,532.4	-61.0%	3,962.8	-55.4%
	Number of vehicles financed (thousand)	870.3	1,469.3	-40.8%	1,423.9	-38.9%
	% Vehicles financed / vehicles sold	49.2%	32.4%	16.8 pp	35.9%	13.3 pp
Contracts Systems	Transactions (thousand)	487.8	876.5	-44.4%	845.7	-42.3%
	% Transactions / vehicles financed	56.0%	59.7%	-3.6 pp	59.4%	-3.3 pp

The number of inclusions in the National Liens System (SNG) decreased by 40.8%, impacted by the weakening economic activity and the quarantine in Brazil implemented in March 2020, a consequence of the COVID-19 pandemic. In the Contracts System, the

³ Include BOX, Flexible Options, Derivatives Contracted Abroad and Derivatives Linked to Loans

number of transactions in 2Q20 was 44.4% lower, reflecting the decreased in the number of vehicles financed, combined with a reduction in B3's market share, which totaled 56.0% in the quarter, mainly due to the reduction of credit granting by some of B3's clients.

Technology, data and services

		2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Monthly Utilization	Average number of clients	13,868	13,183	5.2%	13,844	0.2%
CIP	Processed electronic cash transfers (thousand)	299,206	201,163	48.7%	260,184	15.0%

The average number of clients that pay the monthly utilization fees related to services in the OTC segment was up by 5.2%, as a result mainly of the growth of the asset management industry in Brazil.

INCOME STATEMENT

Revenues

Total revenues: R\$2,129.1 million, an increase of 34.8% driven by growth in all our segments except Infrastructure for financing.

Listed: R\$1,512.0 million (71.0% of the total), up by 48.7%.

- **Equities and equity instruments:** R\$994.9 million (46.7% of the total), a 56.2% increase in the period.

Trading and Post-Trading: R\$893.9 million (42.0% of the total), a 64.7% increase reflecting the growth in volumes traded in cash equities and stock indices futures contracts and a higher average RPC of the stock indices futures contracts.

In the comparison with 1Q20, there was a 3.3% drop in trading and post-trading revenues despite the growth in ADTV for cash equities and ADV for stock indices futures contracts, reflecting a 0.161 bps margin drop in the cash equities market due to greater participation of day traders, who pay lower fees.

Depository: R\$40.3 million (1.9% of the total), up by 36.1% in the period. The 126.7% increase in the average number of accounts in the depository was partially offset by the incentive program to expand the individual investor base in the equities market, which totaled R\$47.2 million in 2Q20⁴ (vs. R\$14.7 million for 2Q19).

Securities lending: R\$41.7 million (2.0% of the total), an 11.4% increase, as a result of the 19.0% increase in the average financial volume of outstanding positions.

Listing and solutions for issuers: R\$19.0 million (0.9% of the total), down by 30.6%, mainly as a result of the lower number of public offerings that totaled R\$3.0 billion (1 IPO and 1 follow-on) in 2Q20 versus R\$24.0 billion (2 IPOs and 7 follow-ons) in 2Q19.

- **FICC:** R\$517.2 million (24.3% of the total), up by 36.2%, as a result mainly of the 36.0% increase in the average daily volume traded of FX rate contracts and the appreciation of the US dollar, which had a positive impact not only on the RPC of these contracts, but also on the RPC of Interest rate in USD and Commodities contracts.

OTC: R\$262.8 million (12.3% of the total), up by 20.2%.

- Fixed income instruments: R\$161.8 million (7.6% of the total), up by 23.2%, mainly due to the new classification of expenses related to the Treasury Direct (*Tesouro Direto*) incentive program. In 2Q20, revenue from Treasury Direct was R\$39.6 million (market incentives related to this product totaled R\$15.0 million in the quarter and are classified as revenue-linked expenses). In 2Q19, revenue was negative by R\$5.6 million (R\$37.5 million in revenue and R\$43.1 million in rebates classified as revenue reducer⁵). It should be noted that the growth in new issues and outstanding position of bank funding products is not translated into revenue growth due to the new pricing policy announced in the beginning of the year. Following this pricing policy change B3 waived some service fees related to volumes and included these services in the monthly usage service package (reported Technology and Access revenue line), thereby sharing part of its operating leverage with the market.
- Derivatives and structured transactions: R\$63.0 million (3.0% of the total), an increase of 32.0%, especially due to (i) the increase in the number of forward and swap contracts driven by exchange rate volatility in the period; (ii) the appreciation of the US dollar against the real, as many of the OTC derivative contracts are priced in US dollar, and (iii) the increase in derivative transactions with CCP (iBalcão).

⁴ The incentive program to attract investors to the stock market offers bonuses in the form of partial exemption of custody fees for brokers attaining performance targets related to growth in the number of accounts and in the balance deposited by this group of investors.

⁵ Before the change in classification of these incentive programs as from 1Q20

- **Other:** R\$38.0 million (1.8% of the total), down by 3.8% as a result of the Company's new pricing policy whereby part of the revenue related to the volume of services provided and maintenance of end users was transferred to the monthly utilization service, with a positive impact in the Technology and Access revenue line.

Infrastructure for financing: R\$78.6 million (3.7% of the total), down by 51.8%. This drop can be attributed to (i) the effects of the Covid-19 pandemic in the vehicle and vehicle financing markets, and (ii) the change in business model for sending data related to vehicle financing contracts in certain states, which took place in 3Q19⁶. These effects were partially offset by the additional revenue from services provided by Portal de Documentos, acquired in June 2019.

Technology, data and services: R\$275.6 million (12.9% of the total), an increase of 52.0%.

- **Technology and access:** R\$178.0 million (8.4% of the total), an increase of 62.8%, especially impacted by the monthly utilization revenue line, whose growth was driven by (i) changes in pricing for the monthly utilization service package and OTC fees, as previously explained, (ii) a 5.2% increase in the number of customers accessing the OTC segment platforms and (iii) the annual price adjustment by inflation (IGP-M).
- **Data and analytics:** R\$63.3 million (3.0% of the total), an increase of 42.4% mainly explained by the appreciation of the US dollar against the *Real*, given that 46.3% of revenue in this segment was linked to the US dollar in 2Q20.
- **Bank:** R\$11.8 million (0.6% of the total), up by 2.4%.

Net revenue: an increase of 34.3%, totaling R\$1,908.3 million.

Expenses

Expenses totaled R\$733.4 million, up 7.9%.

- **Personnel and charges:** R\$207.4 million, an increase of 7.7%, especially due to (i) the annual salary adjustment for inflation as per the collective bargaining agreement, (ii) the addition of personnel expenses from Portal de Documentos, acquired in June 2019, and (iii) new hires.
- **Data processing:** R\$63.2 million, an increase of 43.8%, due to (i) new projects and intensification of existing ones for improvement in infrastructure, processes, functionalities and controls of the business and corporate platforms, in line with the 2020 roadmap, and (ii) the addition of technology expenses from Portal de Documentos.
- **Depreciation and amortization:** R\$244.2 million, down by 5.2% mainly due to the end of the amortization period of part of the intangible assets recognized in the acquisition of Cetip.
- **Revenue-linked expense:** R\$40.6 million, a drop of 52.4% explained by the change in the business model for the Contracts System services in the Infrastructure for Financing segment, which was implemented in a number of states in 3Q19, as previously mentioned. This effect was partially offset by the addition in this line of incentives from the program to increase the number of investors in Treasury Direct, which totaled R\$15.0 million in the quarter.
- **Third-party services:** totaled R\$11.3 million, a decrease of 37.5% due to the reduction in expenses related to projects under implementation and strategic advisory fees.
- **Other:** totaled R\$151.1 million in the quarter. The most significant item in this group of expenses are provisions, which, for the most part, consist of updates of provisions related to legal disputes in which part of the amount under discussion is linked to the share price of B3SA3⁷. In 2Q20, this effect was R\$99.5 million due to the appreciation of the B3SA3 share in the quarter (compared to an effect of R\$27.7 million in 2Q19).

Financial Result

The Company's financial result, accounted for as a loss of R\$ 11.4 million in the quarter, should be interpreted considering also the effects of the hedging structure of investments abroad, in which the FX variation on loans in foreign currency and on the Company's foreign investments, which totaled R\$ 43.5 million in the quarter, are offset by the income tax and social contribution account.

Financial revenues totaled R\$89.3 million, a decrease of 40.1%, which can mainly be attributed to lower interest rates in the period. Lower rates also caused a 39.2% reduction in the Company's financial expenses, which totaled R\$62.2 million. The US dollar-denominated bond which matured in July 2020 was hedged and, therefore, exchange rate variation on this instrument were not reflected in the financial result for this quarter.

⁶ In certain states, B3 adopted a new model whereby Detran-accredited registration companies can access, as previously authorized by the lending institutions, the B3 platform to query financed vehicle contract data. The most relevant financial impact is that in this model there is no expense related to revenues in connection with payments to registration companies. Such change, while reducing B3's expenses, adversely impacts its revenues, because in the previous model the cost of registration companies was part of the price charged by B3.

⁷ The number of shares equivalent to the amounts under discussion is 5,186,739 B3SA3 shares. B3SA3's closing price was R\$55.09 at the end of Jun/20, against R\$35.90 at the end of Mar/20, an increase of 53.5%.

(In R\$ thousands, unless otherwise indicated)	2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Financial Result	(11,409)	55,597	-	(112,223)	-89.8%
Financial income	89,324	149,165	-40.1%	117,955	-24.3%
Financial expenses	(62,241)	(102,348)	-39.2%	(72,878)	-14.6%
Net FX variation	(38,492)	8,780	-	(157,300)	-75.5%

The table below segregates the effects of the hedging structure both on the financial result and on income tax and social contribution.

Hedge Impact in the Results (In R\$ thousands, unless otherwise indicated)	2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Net Financial Income	(11,409)	55,597	-	(112,223)	-89.8%
(+/-) Effects of the hedge on net financial income	43,503	(10,119)	-	183,235	-76.3%
Adjusted net financial income (excluding the effects of the hedge)	32,094	45,478	-29.4%	71,012	-54.8%
Income before income tax	1,164,133	797,619	46.0%	1,194,906	-2.6%
(+/-) Effects of the hedge on net financial income	43,503	(10,119)	-	183,235	-76.3%
Income before tax and social contribution (excluding hedge effect)	1,207,636	787,500	53.4%	1,378,141	-12.4%
Income and social contribution taxes	(272,374)	(143,069)	90.4%	(169,786)	60.4%
(+/-) Effects of the hedge on income and social contribution taxes	(43,503)	10,119	-	(183,235)	-76.3%
Adjusted income and social contribution taxes (excluding the effects of the hedge)	(315,877)	(132,950)	137.6%	(353,021)	-10.5%

Income tax and social contribution

The income tax and social contribution line totaled R\$272.4 million in 2Q20 and was affected by the payment of interest on capital (IoC) of R\$300.0 million. Current tax totaled R\$145.5 million and includes R\$8.9 million with cash impact. Deferred income tax and social contribution totaled R\$126.9 million, without any cash impact. This amount mainly consists of the temporary difference in the amortization of goodwill for tax purposes of R\$119.6 million in 2Q20.

Net Income

Net income attributable to B3's shareholders totaled R\$892.4 million, an increase of 36.3%.

(In R\$ thousands)	2Q20	2Q19	2Q20/2Q19 (%)	1Q20	2Q20/1Q20 (%)
Net income (attributable to shareholders)	892,388	654,769	36.3%	1,025,552	-13.0%
(+) Amortization of intangibles (Cetip combination)	119,567	130,585	-8.4%	131,078	-8.8%
Recurring net income	1,011,955	785,354	28.9%	1,156,630	-12.5%
(+) Deferred Tax (goodwill from the Cetip combination)	119,628	119,629	0.0%	119,628	0.0%
Recurring net income adjusted by goodwill tax benefit	1,131,583	904,983	25.0%	1,276,258	-11.3%

Note: amounts net of taxes, calculated at a rate of 34% applied to the deductible portion.

Excluding the amortization of intangible assets related to the combination with Cetip, net income would have totaled R\$1,012.0 million⁸ in the quarter, an increase of 28.9%. Moreover, if adjusted for the tax benefit resulting from the amortization of goodwill in connection with the Cetip combination, net income would have totaled R\$1,131.6 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2020

Assets, Liabilities and Shareholders' Equity Accounts

The Company ended the quarter with total assets of R\$44.2 billion, an increase of 10.4% against Dec/19. The main changes in assets occurred in the items Cash and Cash Equivalents (current and non-current), which together totaled R\$14.7 billion, reflecting (i) the Company's cash generation during the quarter and (ii) the increase in the volume of collateral deposited in cash (counterpart in current liabilities). This cash position includes R\$300.0 million in interest on capital, paid in August. Additionally, a significant change was seen in the derivative financial instruments account, especially due to the Company's hedging instruments, which aim to mitigate the risk of fluctuation in FX and B3SA3 share prices.

In relation to liabilities, at the end of 2Q20, B3 showed gross debt of R\$5.5 billion (49.8% long term and 50.2% short term), including R\$1.25 billion of a bank loan taken in June. B3 also announced a R\$ 3.55 billion debenture to be issued by the end of August. The debt position of the end of June represents 1.0x the recurring EBITDA for the last 12 months. Shareholders' equity at the end of Jun/20 was R\$25.6 billion, consisting mainly of the capital reserve account of R\$9.1 billion (against R\$18.1 billion in

⁸ B3's objective in presenting recurring net income is to facilitate comparison between periods and, consequently, the assessment of the Company's performance, highlighting non-recurring items which are not necessarily directly related to the normal course of its business.

Dec/19) and the capital reserve account of R\$12.5 billion (against R\$3.5 billion in Dec/19). The changes in shareholders' equity are explained by the capital increase through capitalization of capital reserves, which took place in March 2020.

OTHER FINANCIAL INFORMATION

CAPEX

In 2Q20, CAPEX amounted to R\$84.4 million, mainly related to technological upgrades for all of the segments in which B3 operates, as well as for new product development and for the retrofit project of the Company's new headquarters (engineering, furniture and technology). In the first half of 2020, investments made by the Company totaled R\$137.4 million.

Distributions to shareholders

On June 26, 2020, the Board of Directors approved the payment of IoC for 2Q20 in the amount of R\$300.0 million. The IoC was paid on August 7, 2020 based on the shareholders register as of June 30, 2020. Additionally, shares buybacks totaled R\$11.5 million in the quarter.

EXTERNAL AUDIT

The Company has retained Ernst & Young Auditores Independentes to provide external audit services for its financial statements for the year 2020.

The company's policy, and that of its subsidiaries, in relation to contracting external audit services is based on internationally accepted principles, which preserve the independence of work of this nature and consist of the following practices: (i) the auditor is not allowed to perform executive or managerial functions for the Company, or for its subsidiaries; (ii) the auditor is not allowed to perform an operational role within the Company or its subsidiaries that may compromise the effectiveness of the audit work; and (iii) the auditor is required to remain impartial – avoiding the existence of any conflicts of interest or any loss of independence – and the objectiveness of his or her opinions and pronouncements regarding the financial statements.

In 2Q20, the independent auditors and their related parties did not provide any services other than external audit services.



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A free translation from Portuguese into English of Independent Auditor's Report on quarterly information prepared in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and in Reais (R\$).

Independent auditor's report on quarterly information

The Board of Directors and Shareholders of
B3 S.A. - Brasil, Bolsa, Balcão
São Paulo, Brazil

We have reviewed the accompanying individual and consolidated interim financial information of B3 S.A. - Brasil, Bolsa, Balcão ("Company"), contained in the Quarterly Information Form (ITR) for the three-month period ended June 30, 2020, which comprises the balance sheets as at June 30, 2020 and the related statements of income and of comprehensive income for the three and six-month periods then ended, and of changes in equity and of cash flows for the six-month period then ended, including explanatory information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement NBC TG 21 and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with NBC TG 21 and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Other matters

Statements of value added

The above mentioned quarterly information include the individual and consolidated Statements of Value Added (SVA) for the six-month period ended June 30, 2020, prepared under the responsibility of Company management responsibility and presented as supplementary information by IAS 34. These statements have been subject to review procedures performed together with the review of the quarterly information with the objective to conclude whether they are reconciled to the interim financial information and the accounting records, as applicable, and if its format and content are in accordance with the criteria set forth by NBC TG 09 – Statement of Value Added. Based on our review, nothing has come to our attention that causes us to believe that they were not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

São Paulo, August 13, 2020.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Flávio Serpejante Peppe
Partner

A free translation from Portuguese into English of individual and consolidated quarterly information prepared in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and in Reais (R\$).

B3 S.A. - Brasil, Bolsa, Balcão
Balance sheet
 June 30, 2020 and December 31, 2019
(In thousands of reais)



Assets	Notes	B3		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current assets		13,908,557	9,532,465	15,124,987	10,454,127
Cash and cash equivalents	4(a)	864,944	391,934	966,702	494,033
Financial investments	4(b)	10,763,866	7,884,389	11,833,795	8,631,578
Derivative financial instruments	4(c)	1,237,808	345,422	1,237,808	345,422
Accounts receivable	5	324,310	330,912	333,666	339,320
Taxes recoverable	16(d)	593,296	464,719	623,968	481,477
Prepaid expenses		88,527	96,075	89,781	96,575
Other receivables		35,806	19,014	39,267	65,722
Noncurrent assets available to sell		14,878	14,878	14,878	14,878
Noncurrent assets		31,215,727	31,105,424	29,052,693	29,558,310
Long-term receivables		2,104,371	2,226,936	2,198,517	2,333,685
Financial investments	4(b)	1,824,432	1,931,578	1,918,214	2,037,970
Judicial deposits	11(h)	264,242	274,633	264,606	274,990
Prepaid expenses		15,697	20,725	15,697	20,725
Investments		2,439,311	1,830,502	46,785	47,223
Interest held in subsidiaries and associate	6(a)	2,439,311	1,830,502	22,981	22,660
Investment properties	6(b)	-	-	23,804	24,563
Property and equipment	7	692,566	679,880	705,659	689,853
Intangible assets	8	25,979,479	26,368,106	26,101,732	26,487,549
Total assets		45,139,162	40,652,767	44,192,558	40,027,315

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Balance sheet
June 30, 2020 and December 31, 2019
(In thousands of reais)



Liabilities and equity	Notes	B3		Consolidated	
		06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current liabilities		9,892,709	7,680,989	10,865,006	8,055,193
Collateral for transactions	14	4,597,233	3,013,447	4,597,233	3,013,447
Earnings and rights on securities in custody	21(c)	73,243	69,897	73,243	69,897
Suppliers		150,488	178,030	156,049	184,390
Salaries and social charges	21(a)	316,306	393,862	328,220	402,509
Taxes and contributions payable	21(b)	368,355	290,507	402,901	312,689
Loans and financing	9	3,848,495	2,806,345	4,001,743	2,537,993
Derivative financial instruments	4(c)	-	794	-	794
Dividends and interest on equity payable		267,213	676,224	267,213	676,224
Revenues to be allocated		73,432	52,703	73,432	52,703
Other liabilities	10	197,944	199,180	964,972	804,547
Noncurrent liabilities		9,700,828	7,583,777	7,769,600	6,570,889
Loans and financing	9	4,686,871	2,851,252	2,746,667	1,826,554
Deferred income tax and social contribution	16(a)	3,985,061	3,781,389	3,988,707	3,788,388
Provisions for tax, civil, labor and other contingencies	11(e)	947,872	866,299	952,401	870,210
Revenues to be allocated		55,297	57,736	55,297	57,736
Other liabilities	10	25,727	27,101	26,528	28,001
Equity	12	25,545,625	25,388,001	25,557,952	25,401,233
Capital and reserves attributable shareholders of B3					
Capital		12,548,655	3,548,655	12,548,655	3,548,655
Capital reserve		9,074,713	18,104,738	9,074,713	18,104,738
Revaluation reserves		17,552	17,845	17,552	17,845
Income reserves		2,876,239	2,876,239	2,876,239	2,876,239
Treasury shares		(375,913)	(196,619)	(375,913)	(196,619)
Other comprehensive income		78,948	42,896	78,948	42,896
Proposed additional dividend		-	994,247	-	994,247
Accumulated profits		1,325,431	-	1,325,431	-
		25,545,625	25,388,001	25,545,625	25,388,001
Non-controlling interests		-	-	12,327	13,232
Total liabilities and equity		45,139,162	40,652,767	44,192,558	40,027,315

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of income

Quarters and periods ended June 30, 2020 and 2019

(In thousands of reais, unless otherwise stated)

	Notes	B3			
		2020		2019	
		2Q	Accumulated	2Q	Accumulated
Net revenues	17	1,874,335	3,745,511	1,393,690	2,747,716
Expenses		(705,537)	(1,276,681)	(667,077)	(1,323,786)
General and administrative					
Personnel and charges		(189,923)	(385,880)	(184,609)	(382,226)
Data processing		(60,390)	(118,547)	(42,742)	(80,740)
Depreciation and amortization	7 and 8	(240,918)	(499,745)	(256,388)	(513,490)
Revenue-linked expense		(38,736)	(77,402)	(84,408)	(158,447)
Third-party services		(10,094)	(25,000)	(17,638)	(35,547)
Maintenance in general		(4,979)	(9,886)	(4,510)	(9,566)
Promotion and publicity		(3,856)	(7,877)	(6,138)	(10,234)
Taxes and charges		(2,070)	(4,332)	(4,009)	(6,530)
Board and committee members		(3,208)	(6,589)	(4,881)	(7,719)
Sundry expenses	18	(151,363)	(141,423)	(61,754)	(119,287)
Equity pickup	6(a)	113,327	534,086	1,067	32,804
Financial result	19	(123,323)	(655,010)	62,883	61,740
Financial income		88,016	204,058	146,942	255,896
Financial expenses		(80,262)	(178,598)	(113,631)	(211,799)
Net exchange rate variations		(131,077)	(680,470)	29,572	17,643
Income before income taxes		1,158,802	2,347,906	790,563	1,518,474
Income tax and social contribution	16(c)	(266,414)	(429,966)	(135,794)	(257,507)
Current		(138,105)	(237,571)	(25,606)	(23,677)
Deferred		(128,309)	(192,395)	(110,188)	(233,830)
Net income for the periods		892,388	1,917,940	654,769	1,260,967
Attributable to:					
Shareholders of B3		892,388	1,917,940	654,769	1,260,967

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of income

Quarters and periods ended June 30, 2020 and 2019

(In thousands of reais, unless otherwise stated)

	Notes	Consolidated			
		2020		2019	
		2Q	Accumulated	2Q	Accumulated
Net revenues	17	1,908,332	3,813,533	1,421,079	2,799,321
Expenses		(733,372)	(1,331,182)	(679,548)	(1,344,540)
General and administrative					
Personnel and charges		(207,403)	(418,492)	(192,657)	(394,735)
Data processing		(63,183)	(124,112)	(43,946)	(82,604)
Depreciation and amortization	6(b), 7 and 8	(244,232)	(506,140)	(257,573)	(515,135)
Revenue-linked expense		(40,635)	(81,701)	(85,355)	(160,255)
Third-party services		(11,303)	(27,119)	(18,072)	(36,725)
Maintenance in general		(5,718)	(11,633)	(5,189)	(10,841)
Promotion and publicity		(3,933)	(8,078)	(6,156)	(10,330)
Taxes and charges		(2,658)	(5,245)	(4,425)	(7,344)
Board and committee members		(3,242)	(6,653)	(4,881)	(7,719)
Sundry expenses	18	(151,065)	(142,009)	(61,294)	(118,852)
Equity pickup	6(a)	582	321	491	1,986
Financial result	19	(11,409)	(123,632)	55,597	76,378
Financial income		89,324	207,279	149,165	260,289
Financial expenses		(62,241)	(135,119)	(102,348)	(188,035)
Net exchange rate variations		(38,492)	(195,792)	8,780	4,124
Income before income taxes		1,164,133	2,359,040	797,619	1,533,145
Income tax and social contribution	16(c)	(272,374)	(442,160)	(143,069)	(272,478)
Current		(145,501)	(253,124)	(33,392)	(39,161)
Deferred		(126,873)	(189,036)	(109,677)	(233,317)
Net income for the periods		891,759	1,916,880	654,550	1,260,667
Attributable to:					
Shareholders of B3		892,388	1,917,940	654,769	1,260,967
Non-controlling interests		(629)	(1,060)	(219)	(300)
Earnings per share attributable to shareholders of B3 (in R\$ per share)	12(g)				
Basic earnings per share		0.436182	0.938263	0.320274	0.615895
Diluted earnings per share		0.434134	0.936594	0.318519	0.612635

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of comprehensive income
 Quarters and periods ended June 30, 2020 and 2019
(In thousands of reais)



	Note	B3			
		2020		2019	
		2Q	Accumulated	2Q	Accumulated
Net income for the periods		892,388	1,917,940	654,769	1,260,967
Other comprehensive income to be reclassified to P&L in subsequent periods		22,724	19,558	(1,006)	(4,059)
Cash flow hedge effects, net of taxes		12,231	5,814	(1,505)	(4,302)
Amount of cash flow hedging instruments		49,938	50,797	10,786	13,157
Transfer of cash flow hedging instrument to income		(37,707)	(44,983)	(12,291)	(17,459)
Market to market of financial assets, net of taxes		7,331	(417)	786	371
Market to market of financial assets		7,331	(417)	786	371
Equity pickup on other comprehensive income of subsidiaries	6(a)	3,162	14,161	(287)	(128)
Translation adjustments of subsidiaries		3,166	14,180	(287)	(120)
Other comprehensive income of subsidiaries		(4)	(19)	-	(8)
Other comprehensive income not reclassified to P&L in subsequent periods, net of taxes		39,157	16,494	(17,039)	(2,516)
Result with equity instruments		39,157	16,494	(17,039)	(2,516)
Effect of cash flow hedge		(14,484)	(26,539)	767	(3,345)
Market to market of equity instruments		37,247	6,773	(15,668)	(1,172)
Exchange rate variation on financial assets		16,394	36,260	(2,138)	2,001
Total other comprehensive income		61,881	36,052	(18,045)	(6,575)
Total comprehensive income for the periods		954,269	1,953,992	636,724	1,254,392
Attributable to:		954,269	1,953,992	636,724	1,254,392
Shareholders of B3		954,269	1,953,992	636,724	1,254,392

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of comprehensive income
 Quarters and periods ended June 30, 2020 and 2019
(In thousands of reais)



	Note	Consolidated			
		2020		2019	
		2Q	Accumulated	2Q	Accumulated
Net income for the periods		891,759	1,916,880	654,550	1,260,667
Other comprehensive income to be reclassified to P&L in subsequent periods		22,724	19,558	(1,006)	(4,059)
Exchange rate variation on investment in foreign subsidiary	6(a)	3,166	14,180	(287)	(120)
Exchange rate variation on investment in foreign subsidiary		3,166	14,180	(287)	(120)
Cash flow hedge effects, net of taxes		12,231	5,814	(1,505)	(4,302)
Amount of cash flow hedging instruments		49,938	50,797	10,786	13,157
Transfer of cash flow hedging instrument to income		(37,707)	(44,983)	(12,291)	(17,459)
Market to market of financial assets, net of taxes		7,327	(436)	786	363
Market to market of financial assets		7,327	(436)	786	363
Other comprehensive income not reclassified to P&L in subsequent periods, net of taxes		39,157	16,494	(17,039)	(2,516)
Result with equity instruments		39,157	16,494	(17,039)	(2,516)
Effect of cash flow hedge		(14,484)	(26,539)	767	(3,345)
Market to market of equity instruments		37,247	6,773	(15,668)	(1,172)
Exchange rate variation on financial assets		16,394	36,260	(2,138)	2,001
Total other comprehensive income		61,881	36,052	(18,045)	(6,575)
Total comprehensive income for the periods		953,640	1,952,932	636,505	1,254,092
Attributable to:		953,640	1,952,932	636,505	1,254,092
Shareholders of B3		954,269	1,953,992	636,724	1,254,392
Non-controlling interests		(629)	(1,060)	(219)	(300)

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of changes in equity
 Period ended June 30, 2020
(In thousands of reais)



Notes	Attributable to shareholders of B3											Non-controlling interests	Total equity
	Capital	Capital reserve	Revaluation reserves (Note 12(c))	Income reserves (Note 12(e))		Treasury shares (Note 12(b))	Other comprehensive income	Proposed additional dividend	Retained earnings	Total			
				Legal reserve	Statutory reserve								
Balances at December 31, 2019	3,548,655	18,104,738	17,845	3,453	2,872,786	(196,619)	42,896	994,247	-	25,388,001	13,232	25,401,233	
Net income for the period	-	-	-	-	-	-	-	-	1,917,940	1,917,940	(1,060)	1,916,880	
Other comprehensive incomes:													
Exchange rate variation on investment in foreign subsidiary	-	-	-	-	-	-	14,180	-	-	14,180	-	14,180	
Cash flow hedge effects, net of taxes	-	-	-	-	-	-	5,814	-	-	5,814	-	5,814	
Market to market of financial assets, net of taxes	-	-	-	-	-	-	(436)	-	-	(436)	-	(436)	
Result with equity instruments	-	-	-	-	-	-	16,494	-	-	16,494	-	16,494	
Total comprehensive income	-	-	-	-	-	-	36,052	-	1,917,940	1,953,992	(1,060)	1,952,932	
Capital increase	12(a)	9,000,000	(9,000,000)	-	-	-	-	-	-	-	-	-	
Share buyback	12(b)	-	-	-	-	(251,065)	-	-	-	(251,065)	-	(251,065)	
Realization of revaluation reserves – subsidiaries		-	-	(293)	-	-	-	-	293	-	-	-	
Transfer of treasury shares - stock grant plan	15(a)	-	(71,771)	-	-	71,771	-	-	-	-	-	-	
Recognition of stock grant plan	15(a)	-	41,746	-	-	-	-	-	-	41,746	-	41,746	
Non-controlling interests of BLK		-	-	-	-	-	-	-	-	-	155	155	
Other equity changes		-	-	-	-	-	-	-	198	198	-	198	
Payment of interest on equity		-	-	-	-	-	-	(994,247)	-	(994,247)	-	(994,247)	
Allocations of profit:													
Interest on Equity	12(f)	-	-	-	-	-	-	-	(593,000)	(593,000)	-	(593,000)	
Balances at June 30, 2020		12,548,655	9,074,713	17,552	3,453	2,872,786	(375,913)	78,948	-	1,325,431	25,545,625	12,327	25,557,952

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of changes in equity
 Period ended June 30, 2019
(In thousands of reais)



	Attributable to shareholders of B3											
	Note	Capital	Capital reserve	Revaluation reserves (Note 12(c))	Income reserves (Note 12(e))		Treasury shares	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total equity
					Legal reserve	Statutory reserve						
Balances at December 31, 2018		3,548,655	18,066,178	18,431	3,453	3,519,990	(165,635)	41,897	-	25,032,969	11,227	25,044,196
Net income for the period		-	-	-	-	-	-	-	1,260,967	1,260,967	(300)	1,260,667
Other comprehensive incomes:												
Exchange rate variation on investment in foreign subsidiary		-	-	-	-	-	-	(120)	-	(120)	-	(120)
Cash flow hedge effects, net of taxes		-	-	-	-	-	-	(4,302)	-	(4,302)	-	(4,302)
Market to market of financial assets, net of taxes		-	-	-	-	-	-	363	-	363	-	363
Result with equity instruments		-	-	-	-	-	-	(2,516)	-	(2,516)	-	(2,516)
Total comprehensive income		-	-	-	-	-	-	(6,575)	1,260,967	1,254,392	(300)	1,254,092
Realization of revaluation reserves – subsidiaries		-	-	(293)	-	-	-	-	293	-	-	-
Income from leasing		-	(1,140)	-	-	-	-	-	-	(1,140)	-	(1,140)
Transfer of treasury shares - stock grant plan	15(a)	-	(36,887)	-	-	-	36,887	-	-	-	-	-
Disposal of treasury shares - exercise of options		-	(6)	-	-	-	366	-	-	360	-	360
Recognition of stock grant plan	15(a)	-	42,511	-	-	-	-	-	-	42,511	-	42,511
Non-controlling interests of BLK		-	-	-	-	-	-	-	-	-	2,375	2,375
Prior years' adjustments relating to subsidiary		-	-	-	-	-	-	-	(67)	(67)	-	(67)
Allocations of profit:												
Dividends		-	-	-	-	-	-	-	(211,150)	(211,150)	-	(211,150)
Interest on Equity		-	-	-	-	-	-	-	(784,999)	(784,999)	-	(784,999)
Balances at June 30, 2019		3,548,655	18,070,656	18,138	3,453	3,519,990	(128,382)	35,322	265,044	25,332,876	13,302	25,346,178

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of cash flow
 Periods ended June 30, 2020 and 2019
(In thousands of reais)



	Notes	B3		Consolidated	
		Accumulated 2020	Accumulated 2019	Accumulated 2020	Accumulated 2019
Cash flow from operating activities					
Net income for the periods		1,917,940	1,260,967	1,916,880	1,260,667
Adjustments for:					
Depreciation and amortization	6(b), 7 and 8	499,745	513,490	506,140	515,135
Deferred income tax and social contribution	16(a)	192,395	233,830	189,036	233,317
Equity pick-up	6(a)	(534,086)	(32,804)	(321)	(1,986)
Stock grant plan expenses	15(a)	38,826	41,588	41,746	42,511
Interest expenses	19	190,521	172,979	146,703	147,646
Provision for tax, civil and labor contingencies	11(e)	101,697	98,389	102,368	98,646
Derivative financial instruments		(943,081)	7,259	(943,081)	7,259
Exchange rate variation of fundraising – Fair value hedge	9	884,524	(26,071)	884,524	(26,071)
Exchange rate variation of loans	9	666,875	(19,656)	216,796	(6,390)
Marked to market - fundraising	9	7,128	33,618	7,128	33,618
Conversion adjustments of subsidiaries	6(a)	-	-	14,180	(121)
Monetary restatement of judicial deposits		(5,538)	(17,252)	(5,544)	(17,212)
Other		9,576	2,598	9,704	(4,648)
Adjusted Net Income		3,026,522	2,268,935	3,086,259	2,282,371
Decrease (increase) in assets					
Financial investments		(3,073,534)	(2,833,909)	(3,382,909)	(2,624,476)
Effect of exchange rate variation on cash flow hedge		4,245	343	4,245	343
Taxes recoverable and prepaid		(128,577)	(137,669)	(142,491)	(140,231)
Accounts receivable		68	(21,385)	(874)	(21,587)
Other receivables		(22,292)	(14,494)	26,475	(27,711)
Prepaid expenses		12,576	(10,713)	11,822	(11,175)
Judicial deposits		(106)	83,724	(107)	83,664
Increase (decrease) in liabilities					
Collateral for transactions		1,583,786	534,444	1,583,786	534,444
Earnings and rights on securities in custody		3,346	4,341	3,346	4,341
Suppliers		(27,542)	(23,629)	(28,422)	(23,140)
Taxes and contributions payable		39,982	20,634	52,325	24,151
Salaries and social charges		(77,556)	(39,228)	(74,371)	(39,038)
Other liabilities		1,714	47,713	163,276	(130,090)
Revenues to be allocated		18,290	26,723	18,290	26,723
Provision for tax, civil, and labor contingencies	11(e)	(4,089)	(9,339)	(4,142)	(12,024)
Net cash from operating activities		1,356,833	(103,509)	1,316,508	(73,435)
Cash receipt from disposal of property and equipment					
Disposal of property and equipment		82	188	112	188
Purchase of property and equipment	7	(60,845)	(36,320)	(64,474)	(36,767)
Dividends and Interest on equity received		5,500	39,621	-	-
Settlement of derivative financial instrument		14,255	(1,672)	14,255	(1,672)
Increase and advance for future capital increase in subsidiaries	6(a)	(52,661)	(11,370)	-	-
Purchase and development of softwares	8	(65,450)	(63,059)	(68,316)	(63,434)
Acquisition of subsidiaries	6(a)	(5,122)	(51,775)	(5,122)	(51,775)
Cash effect - acquisition of subsidiaries		-	-	2	597
Net cash from investing activities		(164,241)	(124,387)	(123,543)	(152,863)
Cash flow from financing activities					
Capital Payment					
Disposal of treasury shares - stock options exercised		-	360	-	360
Share buyback	12(b)	(251,065)	-	(251,065)	-
Contracting of loans and financing	9	1,250,000	1,200,000	1,250,000	1,200,000
Debentures funding cost		-	(969)	-	(969)
Amortization of principal and interest on loans	9	(126,084)	(140,233)	(126,798)	(139,897)
Payment of interest on equity		(1,958,206)	(812,217)	(1,958,206)	(812,217)
Net cash used in financing activities		(1,085,355)	246,941	(1,086,069)	247,277
Net increase in cash and cash equivalents					
		107,237	19,045	106,896	20,979
Balance of cash and cash equivalents at beginning of periods	4(a)	137,880	83,125	239,979	121,000
Balance of cash and cash equivalents at end of periods	4(a)	245,117	102,170	346,875	141,979

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of value added
June 30, 2020 and December 31, 2019
(In thousands of reais, unless otherwise stated)



	Notes	B3		Consolidated	
		Accumulated 2020	Accumulated 2019	Accumulated 2020	Accumulated 2019
1 – Revenues		4,231,624	3,095,886	4,306,213	3,150,974
Registration, trading, clearance and settlement system	17	3,667,211	2,723,480	3,709,015	2,746,522
Technology, data and services	17	513,210	333,232	542,211	365,218
Constitution of estimated credit losses		(6,534)	(2,615)	(6,648)	(2,615)
Revenue related to the construction of assets for use		57,737	41,789	58,635	41,849
2 - Goods and services acquired from third parties		407,814	428,980	422,217	434,766
Data processing		118,547	80,740	124,112	82,604
Revenue		77,402	158,447	81,701	160,255
Third party services		25,000	35,547	27,119	36,725
General maintenance		9,886	9,566	11,633	10,841
Marketing		7,877	10,234	8,078	10,330
Sundry expenses		134,889	116,672	135,361	116,237
Third party and other services used in the construction of assets for use		34,213	17,774	34,213	17,774
3 - Gross value added (1-2)		3,823,810	2,666,906	3,883,996	2,716,208
4 - Retentions		499,745	513,490	506,140	515,135
Depreciation and amortization	6(b), 7 and 8	499,745	513,490	506,140	515,135
5 - Net value added produced by the Company (3-4)		3,324,065	2,153,416	3,377,856	2,201,073
6 - Value added received in transfer		738,144	288,700	207,600	262,275
Equity pickup	6(a)	534,086	32,804	321	1,986
Financial income	19	204,058	255,896	207,279	260,289
7 - Total value added to be distributed (5+6)		4,062,209	2,442,116	3,585,456	2,463,348
8 - Distribution of value added		4,062,209	2,442,116	3,585,456	2,463,348
Personnel and charges (a)		385,880	382,226	418,492	394,735
Personnel and charges used in the construction of assets for use		23,524	24,015	24,422	24,075
Board and committee members' compensation		6,589	7,719	6,653	7,719
Taxes, charges and contributions (b)					
Federal		798,874	521,758	815,643	539,676
Municipal		70,334	51,275	72,455	52,565
Financial expenses and net exchange rate variation	19	859,068	194,156	330,911	183,911
Interest on equity and dividends	12(f)	593,000	996,149	593,000	996,149
Retained net income for the periods		1,324,940	264,818	1,323,880	264,518

(a) Includes internal labor used in the development/construction of assets for own use.

(b) Includes: taxes and charges, Contribution Taxes on Gross Revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS), Service Tax (ISS), and current and deferred income tax and social contribution (IRPJ and CSLL).

See accompanying notes.



1. Operations

B3 S.A. - Brasil, Bolsa, Balcão (“B3”) is a publicly-traded corporation headquartered in the city of São Paulo.

2. Preparation and presentation of quarterly information

This quarterly information was approved by the Board of Directors of B3 on August 13, 2020.

The quarterly information is prepared and presented in accordance with the accounting practices adopted in Brazil. Additionally, this quarterly information comprises the minimum disclosure requirements established by CPC 21(R1) – Interim Financial Reporting, as well as other information considered significant. This information does not include all the requirements relating to annual financial statements; accordingly, this information should be read in conjunction with the individual and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS) and the accounting practices adopted in Brazil issued by CPC and approved by the Brazilian SEC (CVM) for the year ended December 31, 2019. As such, this quarterly information as at June 30, 2020 was not subject to full disclosure due to redundancy in relation to the information presented in the annual financial statements, as provided for in CVM/SNC/SEP Circular Memorandum No. 003/2011. For this reason, the following explanatory notes have been condensed into this quarterly information:

Note 1 - Operations

Note 2 - Preparation and presentation of quarterly information

Note 3 - Summary of significant accounting practices

Note 4 - Cash and cash equivalents, financial investments and derivative financial instruments

Note 8 - Intangible assets

Preparation of the financial statements requires the use of certain significant accounting estimates as well as professional judgment in the process of applying B3’s accounting policies. No changes occurred in the assumptions and judgments for using the estimates for preparation of this quarterly information as compared with the assumptions and judgments used in the financial statements as at December 31, 2019, disclosed on March 05, 2020.

All significant information specific to the financial statements used by Management in managing B3 is evidenced in this quarterly information.

a. Consolidated quarterly information

The consolidated quarterly information includes the balances of B3 and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:



Direct subsidiaries and controlled entities:	% - Ownership Interest	
	06/30/2020	12/31/2019
Banco B3 S.A. ("Banco B3")	100.00	100.00
Bolsa de Valores do Rio de Janeiro ("BVRJ")	86.95	86.95
BM&FBOVESPA (UK) Ltd. ("UK Ltd.")	100.00	100.00
BM&FBOVESPA BRV LLC ("BRV LLC")	100.00	100.00
B3 Inova USA LLC ("B3 Inova")	100.00	100.00
CETIP Info Tecnologia S.A. ("CETIP Info")	100.00	100.00
CETIP Lux S.à.r.l. ("CETIP Lux")	100.00	100.00
Portal de Documentos S.A. ("Portal de Documentos")	100.00	100.00
BLK Sistemas Financeiros Ltda. ("BLK")	75.00	75.00
Central de Exposição a Derivativos ("CED")	100.00	-
B3 S.A. USA Chicago LLC ("USA Chicago") (1)	100.00	-

Exclusive investment funds:

BB Pau Brasil Fundo de Investimento Renda Fixa ("BB Pau Brasil FI RF")
Imbuia FI Renda Fixa Referenciado DI ("Imbuia FI RF DI")
Fundo de Investimento Jacarandá Renda Fixa ("Jacarandá RF")

- (1) On January 30, 2020, USA Chicago was incorporated to represent B3 abroad, through the relationship with other exchanges and regulatory agents and assisting the prospecting of new customers for the market.

b. Individual quarterly information

In the individual quarterly information (B3), the subsidiaries are accounted for under the equity method. The same adjustments are performed in the individual quarterly information and consolidated quarterly information in order to obtain the same P&L and equity attributable to the shareholders of the parent company.

c. Functional currency

The individual and consolidated quarterly information was prepared and are presented in Brazilian Reais, which is the functional currency of B3.

d. Business combination

Central de Exposição de Derivativos

On June 1, 2020, B3 acquired CED. The fair value of the consideration was R\$5,122, paid in full and in cash. The allocation of the amount paid was based on a preliminary assessment of the fair value of the net assets acquired from CED and is currently reviewed by management. The amounts allocated and the goodwill generated in the operation are immaterial. B3 expects to complete these studies in the coming months.

Established in 2010 in a joint initiative of participants and regulators as a response to the issues detected in the 2008 foreign exchange derivatives crisis, CED is a non-profit company that provides the capital markets with transparency on the positions of derivatives taken out in Brazil, permitting a more accurate assessment of financial institutions in extending credit to companies in this type of operation.

3. Summary of significant accounting practices

The accounting practices and calculation methods used in the preparation of this quarterly information are the same as the practices and methods adopted for preparing the financial statements for the year ended December 31, 2019.

a. Significant accounting estimates and judgments

The preparation of financial statements requires the use of certain critical accounting estimates as well as the exercise of judgment in the process of applying B3's accounting policies. Those more complex areas that require a higher level of judgment, as well as the areas in which assumptions and estimates are significant to the consolidated financial statements are the following:

- Equity pickup – Note 6(a)
- Impairment of assets – Notes 7 and 8
- Classification and fair value calculation of financial instruments – Note 4
- Incentive based on equity instruments – Notes 15(a) and (b)
- Provision for tax, civil and labor contingencies, contingent assets and liabilities – Note 11
- Estimated useful life of property and equipment and intangible assets – Notes 7 and 8
- Future installments – Note 10

4. Cash and cash equivalents, financial investments and derivative financial instruments

a. Cash and cash equivalents

Description	B3		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Cash and banks – deposits in local currency	96,895	28,265	67,189	332
Bank checking account in foreign currency	148,222	109,615	279,686	239,647
Cash and cash equivalents	245,117	137,880	346,875	239,979
Bank deposits in foreign currency - Third-party funds (1)	619,827	254,054	619,827	254,054
Total	864,944	391,934	966,702	494,033

(1) Resources of third parties linked to the full settlement of derivative transactions (Clearing BM&FBOVESPA) and exchange transactions (Clearing Exchange).

Cash and cash equivalents are held with Brazilian or foreign financial institutions subject to low credit risk. Deposits in foreign currency are mostly in US dollars.

b. Financial investments

The breakdown of financial investments by category, nature and maturity is as follows:

Description of financial assets	No maturity	Above 3 months and up to 12 months	Above 12 months and up to 5 years	B3	
				06/30/2020	12/31/2019
Fair value through profit or loss					
Financial investment fund (1)	10,236,724	-	-	10,236,724	7,354,480
Federal government securities					
Financial Treasury Bills (LFT)	-	53	54	107	105
Other investments	21	-	-	21	20,459
	<u>10,236,745</u>	<u>53</u>	<u>54</u>	<u>10,236,852</u>	<u>7,375,044</u>
Fair value through other comprehensive income					
Federal government securities					
Financial Treasury Bills (LFT)	-	86,909	1,478,380	1,565,289	1,677,898
National Treasury Bills (LNTN)	-	-	120,818	120,818	112,962
National Treasury Notes (NTN)	-	4,643	158,757	163,400	215,156
Shares - Minority interest (4)	435,516	-	-	435,516	370,313
	<u>435,516</u>	<u>91,552</u>	<u>1,757,955</u>	<u>2,285,023</u>	<u>2,376,329</u>
Amortized cost					
Federal government securities					
National Treasury Notes (NTN) (5)	-	-	66,423	66,423	64,594
	<u>-</u>	<u>-</u>	<u>66,423</u>	<u>66,423</u>	<u>64,594</u>
Total	<u>10,672,261</u>	<u>91,605</u>	<u>1,824,432</u>	<u>12,588,298</u>	<u>9,815,967</u>
Current				10,763,866	7,884,389
Noncurrent				1,824,432	1,931,578



Description of financial assets						Consolidated	
	No maturity	Up to 3 months	Above 3 months and up to 12 months	Above 12 months and up to 5 years	Over 5 years	06/30/2020	12/31/2019
Fair value through profit or loss							
Financial investment fund (1)	8,459,237	-	-	-	-	8,459,237	5,725,250
Repurchase agreements (2)	-	1,451,331	-	-	-	1,451,331	963,674
Federal government securities							
Financial Treasury Bills (LFT)	-	13,722	104,243	997,956	203,100	1,319,021	1,385,988
National Treasury Notes (NTN)	-	-	408	-	-	408	-
Other investments	26	-	-	-	-	26	20,463
	8,459,263	1,465,053	104,651	997,956	203,100	11,230,023	8,095,375
Fair value through other comprehensive income							
Federal government securities							
Financial Treasury Bills (LFT)	-	24,154	100,524	1,535,410	11,581	1,671,669	1,786,013
National Treasury Bills (LTN)	-	-	-	120,818	-	120,818	112,963
National Treasury Notes (NTN)	-	34	4,643	158,757	18	163,452	215,210
Other investments (3)	53,238	-	-	-	-	53,238	25,080
Shares- Minority interest (4)	435,516	-	-	-	-	435,516	370,313
	488,754	24,188	105,167	1,814,985	11,599	2,444,693	2,509,579
Amortized cost							
Federal government securities							
National Treasury Notes (NTN) (5)	-	-	-	66,423	-	66,423	64,594
Bankary deposit receipt (CDB)	-	-	10,074	796	-	10,870	-
	-	-	10,074	67,219	-	77,293	64,594
Total	8,948,017	1,489,241	219,892	2,880,160	214,699	13,752,009	10,669,548
Current						11,833,795	8,631,578
Noncurrent						1,918,214	2,037,970

(1) Investment funds mostly comprise investments in federal government bonds indexed by reference to the Central Bank Benchmark Rate (SELIC) and operations subject to repurchase agreements backed by government bonds. In the consolidated financial statements, exclusive investment funds are distributed in accordance with the financial instrument and maturity and are, however, recorded in current assets. Equity of investment funds is as follows:

Administrator	B3		Consolidated		
	06/30/2020	12/31/2019	06/30/2020	12/31/2019	
Exclusive investment funds included in the consolidation process					
Imbuia FI RF DI	Safra Adm. Fiduciária Ltda	1,014,875	804,695	-	-
BB Pau Brasil FI RF	BB DTVM S.A.	523,889	949,849	-	-
Jacarandá RF	Votorantim DTVM Ltda	397,030	-	-	-
		1,935,794	1,754,544	-	-
Mutual investment funds					
Bradesco FI RF LP Eucalipto	Banco Bradesco S.A.	5,762,058	3,098,018	5,825,688	3,175,325
FI Liquidez Câmara BM&FBOVESPA	Banco B3 S.A.	681,241	671,570	681,241	671,570
Santander FI Cedro RF	Banco Santander S.A.	835,188	788,943	875,411	820,219
Araucária RF FI	Itaú Unibanco S.A.	1,022,443	638,722	1,076,848	655,398
Jacarandá RF	Votorantim DTVM Ltda	-	391,682	-	391,682
Bradesco Empresas FIC FI DI Federal	Banco Bradesco S.A.	-	11,001	49	11,056
		8,300,930	5,599,936	8,459,237	5,725,250
Total		10,236,724	7,354,480	8,459,237	5,725,250



(2) Obtained from banks with low credit risk and backed by federal government securities.

(3) Investments in funds through foreign subsidiary.

(4) These refer to shares of *Bolsa de Comercio de Santiago* in the amount of R\$77,118 (R\$64,623 at December 31, 2019); *Bolsa Mexicana de Valores* - R\$245,824 (R\$212,343 at December 31, 2019); *Bolsa de Valores de Colômbia* - R\$57,877 (R\$52,709 at December 31, 2019) and *Bolsa de Valores de Lima* - R\$54,697 (R\$40,638 at December 31, 2019) acquired by B3 within its strategy to explore opportunities of partnerships with other stock exchanges.

(5) National Treasury Notes linked to the operation between B3 and *Associação BM&F* (Note 13 (a)).

The government securities are held under the custody of the Special System for Settlement and Custody (SELIC); the investment fund shares are held under the custody of their respective administrators; local shares are held under the custody of B3; the shares of *Bolsa de Comercio de Santiago*, *Bolsa Mexicana de Valores*, *Bolsa de Valores de Lima* and *Bolsa de Valores de Colombia* are held under the custody in respective depository financial institutions.

Marketable securities were not reclassified in the period.

c. Derivative financial instruments

Fair value hierarchy

Financial assets and liabilities measured at fair value of B3 are recognized at quoted prices (unadjusted) in active market (Level 1), except for derivative financial instruments together with the principal of the debt issued abroad due to *hedge* accounting, which are classified under Level 2. Amounts receivable and trade accounts payable approximate book value due to their short-term maturity and fair value of transactions with related parties corresponds to book value.

Derivative financial instruments

B3 conducts operations involving derivative financial instruments aimed solely as hedge against market risks such as currency fluctuation and share B3SA3 price variation. B3's exposure to the risk of price fluctuation is related to payment of labor charges arising from the long-term incentive program ("ILP"). Hedge accounting is applied to all derivatives contracted.

Investment in foreign subsidiary (CETIP Lux)

	B3	Consolidated
Assets		
Investment in foreign subsidiary	1,915,387	-
Liabilities		
Intercompany loans and loan taken out by subsidiary	(2,614,459)	(824,151)
Net currency exposure	<u>(699,072)</u>	<u>(824,151)</u>

In view of the fact that, under the terms of tax legislation, gains or losses arising from the exchange rate variation on investments should not be taken into account in the income and social contribution tax base, a mismatch between long and short positions in foreign currency is required, so that the after-tax P&L is not exposed to exchange rate variation (post-tax hedge).

Cash flow and fair value hedge

At June 30, 2020, the swap consolidated amounts measured at fair value are the following:

Hedge classification	Hedged Item	Hedging instrument	Description				Balance	B3 and Consolidated			
			Notional value	Notional value - R\$	Maturity	Assets		Nonfinancial assets	Operating expenses	Financial income	Equity
Cash Flow	Interest installments – foreign debt (1)	Swap	Assets Liabilities	USD 19,800 BRL 65,756	- CDI -3.38%	07/16/2020	39,278	-	-	25,581	(6,738)
Cash Flow	Stock Grant Charges (2)	Swap	Assets Liabilities	BRL 161,403	B3SA3 + earnings CDI + 0.64 % a.a	Nov/2020 up to May/2021	37,604	-	15,959	119	(10,571)
Fair value	Foreign debt (3)	Swap	Assets Liabilities	USD 350,000 BRL 1,108,940	- 67.22% of CDI	07/16/2020	639,001	-	-	327,892	-
Fair value	Foreign debt (3)	Swap	Assets Liabilities	USD 262,000 BRL 870,836	- CDI – 3.36%	07/16/2020	518,387	-	-	250,318	-
Cash Flow	Bolsa Mexicana de Valores Shares (4)	NDF		MXN 850,000	205,785	09/03/2020	3,448	-	-	-	2,276
Cash Flow	Bolsa de Comércio de Santiago Shares	NDF		CLP 10,000,000	67,310	09/03/2020	90	-	-	-	59
Cash Flow	Certain firm commitments (5)	Cash in foreign currency		USD 1,101 EUR 2,375	20,643	12/31/2020	-	221	966	-	2,802
							1,237,808	221	(16,925)	603,910	(12,172)
Current							1,237,808				

In this period, hedge had no significant element of inefficiency.

- (1) In September 2017 and March 2018, B3 took out from mostly low credit risk financial institutions with low credit risk swap transactions, to hedge the investment, the installment of half-yearly interest of Senior Unsecured Notes (Note 9), from currency risk. The operation was settled in July 2020.
- (2) In January 2019, B3 engaged in a new hedge transaction due to its exposure to price variation of B3SA3 shares, in order to neutralize the impacts of share price variation in paying labor charges on long-term incentive plans.
- (3) In March 2018, B3 took out from top-tier financial institutions forward swap transactions to promote the rollover of the hedge relating to the principal of the Senior Unsecured Notes. The operation was settled in July 2020.
- (4) In June 2020, B3 took out from mostly low credit risk financial institutions a non-Deliverable Forward (NDF) to hedge the exchange rate variation of investment in the shares of *Bolsa Mexicana de Valores* and shares of *Bolsa de Comercio de Santiago*. The hedging account correspond to more than 80% of the investments, respectively.
- (5) In February 2020, B3 recorded a new hedge, allocating part of its cash in foreign currency to hedge the currency risk of certain firm commitments assumed in foreign currencies (cash flow hedge). The cash flows subject to coverage refer to payments to be incurred up to December 31, 2020, regardless of whether the contract terms exceed that date.

The derivatives Derivative financial instruments were contracted with financial institutions with low credit risk.

The method to determine the fair value, used by B3, consist in determining the future amount based on the conditions of transactions taken out, and then the present value based on current market curves, as disclosed by B3.

d. Financial instruments and risk management

Sensitivity analysis

The table below presents the consolidated net exposure of all financial instruments (assets and liabilities) by market risk factors.

Exposure to Risk Factors (Consolidated)					
Risk Fator	Risk	06/30/2020		12/31/2019	
		Percentage	Amount	Percentage	Amount
Floating interest rate	Lower SELIC rate	67.90%	12,415,665	66.73%	9,307,882
Floating interest rate	Higher CDI	26.55%	4,854,069	24.54%	3,423,866
Share price	Lower price	2.38%	435,542	2.66%	370,313
Others	Others	3.17%	580,051	6.07%	845,085

Share price risk

The table below shows a sensitivity analysis on possible impacts from a variation of 25% and 50% on the probable scenario for share price, for the next three months, obtained from Bloomberg.

Risk Fator	Impact				
	-50%	-25%	Probable scenario	+25%	+50%
Bolsa de Comercio de Santiago shares in BRL	(38,516)	(19,214)	87	19,388	38,689
Share price in CLP	1,156.80	1,735.20	2,313.60	2,892.00	3,470.40
Bolsa Mexicana de Valores shares in BRL	(121,341)	(59,099)	3,143	65,385	127,626
Share price in MXN	21.79	32.68	43.57	54.46	65.36
Bolsa de Valores de Colombia shares in BRL	(28,948)	(14,484)	(20)	14,444	28,908
Share price in COP	5,348.16	8,022.23	10,696.31	13,370.39	16,044.47
Bolsa de Valores de Lima shares in BRL	(27,568)	(14,003)	(438)	13,126	26,691
Share price in PEN	1.18	1.76	2.35	2.94	3.53

The possible impacts shown by the sensitivity analysis would affect equity, net of taxes.

Interest rate risk

The table below shows a sensitivity analysis on possible impacts on assets and liabilities of a variation of 25% and 50% on the probable scenario for the CDI and Selic from the Floating-rate position for the next three months, obtained from Bloomberg.

Risk Fator	Impact				
	-50%	-25%	Probable scenario	+25%	+50%
CDI	(12,542)	(18,776)	(24,987)	(31,174)	(37,338)
Taxa CDI	1.04%	1.56%	2.08%	2.60%	3.12%
Selic	31,286	46,839	62,332	77,766	93,142
Selic Rate	1.04%	1.56%	2.08%	2.60%	3.12%

B3 has exposure in fixed rates in a small part of its financial investments and securities that are not considered material.

Currency risk

In addition to the amounts payable and receivable in foreign currencies, including interest payments on the senior unsecured notes in the next six-month period, B3 has own funds abroad, and also shareholding interest in Latin America Stock Exchanges.

The table below shows a sensitivity analysis on possible impacts on assets and liabilities of a variation of 25% and 50% on the probable scenario for currency risk for the next three months, obtained from Bloomberg.

The possible impacts shown by the sensitivity analysis would substantially affect equity, net of taxes.

Risk fator	Impact				
	-50%	-25%	Probable scenario	25%	50%
USD	(84,159)	(41,864)	431	42,727	85,022
Exchange rate USD/BRL	2.7450	4.1175	5.4900	6.8625	8.2350
MXN	(22,161)	(11,225)	(288)	10,648	21,585
Exchange rate MXN/BRL	0.1179	0.1769	0.2358	0.2948	0.3537
COP	(29,195)	(14,855)	(514)	13,826	28,167
Exchange rate COP/BRL	0.0008	0.0011	0.0015	0.0019	0.0023
PEN	(28,014)	(14,672)	(1,331)	12,010	25,352
Exchange rate PEN/BRL	0.7547	1.1320	1.5093	1.8866	2.2640

In view of the net amounts of other currencies, their impacts are not deemed material.

Liquidity risk

As a way of managing liquidity risk the B3 manages the cash flows to ensure liquidity and compliance with all Company obligations. The following table shows the main liability financial instruments of B3 by maturity (undiscounted cash flows):



Description	No maturity	Within 1 year	From 1 to 2 years	From 2 and 5 years	Above 5 years
Collaterals for transactions	4,597,233	-	-	-	-
Debt issued abroad	-	3,459,737	-	-	-
Swap (1)	-	(1,223,133)	-	-	-
NDFs (2)	-	(2,683)	-	-	-
Debentures	-	89,486	1,226,385	-	-
Loan in dollars	-	561,906	9,606	286,362	-
Loan in BRL	-	31,396	60,222	1,339,983	-
FINEP loan	-	2,698	2,541	6,683	2,367
	4,597,233	2,919,407	1,298,754	1,633,028	2,367

(1) For the adjustment calculation, CDI curve was used from June 30, 2020 up to the swap settlement date, the dollar at the closing of month (PTAX) was also used, rate disclosed by the Central Bank of Brazil.

(2) NDFs take into consideration the amount to be settled on contracted transactions. For calculating the adjustment, the sales rates of the respective currencies were disclosed by the Central Bank of Brazil on the last business day of the month.

Credit risk

The main credit risk of B3 arises from its financial investments. As a way of managing this risk, B3 has a financial investment policy that focuses mainly on investments in Brazilian federal government securities. Currently approximately 99% of financial investments is in connection with federal government securities with ratings set by Standard & Poor's and Moody's of "BB-" and "Ba2", respectively, for long-term issues in local currency. The counterparties of Swaps and NDFs taken out as hedging transactions are substantially low credit risk banks.

Capital management

B3's objectives in managing its capital are to safeguard its ability to continue as a going concern to provide return for its shareholders and for other stakeholders, as well as to maintain an optimal target capital structure. To maintain or adjust its capital structure, B3 may revise its practices for payment of dividends, return capital to shareholders, raise loans and issue marketable securities in the financial and capital markets, among others.

At June 30, 2020, the difference between financial assets and liabilities amounted to R\$4,537,633 (R\$4,060,318 at December 31, 2019), as follows:

Description	Consolidated	
	06/30/2020	12/31/2019
Cash and cash equivalents/financial investments	14,718,711	11,163,581
Loans and financing, debentures and derivative financial instruments	(5,510,602)	(4,019,919)
Collateral for transactions	(4,597,233)	(3,013,447)
Earnings and rights on securities under custody	(73,243)	(69,897)
	4,537,633	4,060,318

Other information

B3, especially for this period, due to the impacts of the measures to contain COVID-19 pandemic on the calculation of expected losses on financial instruments, monitored the positions of financial assets and receivables to identify significant increases in credit risk. Given the nature of these assets (substantially backed by federal government bonds), non-existence of a significant financing components, and quantitative and qualitative aspects, B3 identified no significant increase in credit risk relating to such assets. B3 will continue to monitor these financial instruments periodically and prospectively.

5. Trade accounts receivable

Breakdown of accounts receivable is as follows:

Description	B3		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Fees	53,812	40,500	53,812	40,500
Trust and custodian fees	159,779	147,316	159,779	147,316
Vendors- Signal broadcasting	37,757	27,904	41,972	33,586
Database management	57,523	49,195	57,523	49,195
Data processing	24,460	31,649	24,460	31,649
Other accounts receivable	3,042	39,877	8,382	42,688
Subtotal	336,373	336,441	345,928	344,934
Estimated losses on accounts receivable (1)	(12,063)	(5,529)	(12,262)	(5,614)
Total	324,310	330,912	333,666	339,320

- (1) Due to the impacts of the COVID-19 pandemic, in the quarter ended June 30, 2020, there was a review of the amount's receivable from B3, which led to an increase in estimated losses on accounts receivable.

The amounts of trade accounts receivable are primarily denominated in Brazilian Reais and approximately 85% falls due within 90 days. At June 30, 2020, the amounts overdue above 90 days totaled R\$1,755 (R\$3,025 at December 31, 2019) at B3 and in the consolidated.

Changes in estimated losses on accounts receivable:

	B3	Consolidated
Balance at December 31, 2019	5,529	5,614
Additions	8,767	8,928
Reversals	(2,233)	(2,280)
Balance at June 30, 2020	12,063	12,262

6. Investments

a. Investments in subsidiaries and associates

Investments in subsidiaries and associates comprise the following:

	Subsidiaries									Associate	Total
	Banco B3	BVRJ	UK Ltd.	B3 Inova	CETIP Info	CETIP Lux	BLK	Portal de Documentos	CED	RTM (2)	
Investment Informations											
Total shares	24,000	115	1,000	1	800	85,000	403,650	200,000	10,000	2,020,000	
% - Interest held	100.00	86.95	100.00	100.00	100.00	100.00	75.00	100.00	100.00	20.00	
Equity	107,118	88,175	3,847	53,244	112,004	1,915,387	(913)	23,443	631	70,859	
Advance for future capital increase	-	-	-	-	-	-	24,000	-	-	-	
Appreciation in business combination	-	-	-	-	-	-	-	12,397	83,905	4,371	8,809
Adjusted P&L	6,821	277	963	(30)	12,884	521,586	(4,384)	(5,292)	(120)	7,688	
Key financial information											
Assets	911,435	94,157	4,192	53,244	116,124	2,763,271	31,167	40,859	974	84,010	
Liabilities	804,317	5,982	345	-	4,120	847,884	8,080	17,416	343	13,151	
Revenues	23,709	2,936	2,284	-	24,154	-	4,537	24,866	186	39,080	
Changes in Investments											
Balances at December 31, 2019	100,316	76,427	2,237	25,080	99,120	1,393,801	14,535	96,326	-	22,660	1,830,502
Equity in income of investees	6,821	241	963	(30)	12,884	521,586	(3,288)	(5,292)	(120)	321	534,086
Comprehensive income of subsidiary	(19)	-	-	-	-	-	-	-	-	-	(19)
Translation adjustments of subsidiaries	-	-	647	13,533	-	-	-	-	-	-	14,180
Previous year adjustment of subsidiary	-	-	-	-	-	-	12	-	-	-	12
Acquisition of subsidiaries (Nota 2(d))	-	-	-	-	-	-	-	-	5,122	-	5,122
Capital Increase	-	-	-	14,661	-	-	-	14,000	-	-	28,661
Advance for future capital increase (1)	-	-	-	-	-	-	24,000	-	-	-	24,000
Recognition of stock grant plan	-	-	-	-	-	-	453	2,314	-	-	2,767
Balances at June 30, 2020	107,118	76,668	3,847	53,244	112,004	1,915,387	35,712	107,348	5,002	22,981	2,439,311

- (1) BLK received, irreversibly and irrevocably, advances from B3 amounting to R\$24,000 for future capital increase ("AFAC"). The date of this AFAC incorporation into BLK's capital will be set in a shareholders' meeting to be called in due course for this purpose.
- (2) B3 holds 20% interest in associate RTM, which is a private communication network created especially for the financial sector, connecting approximately 500 institutions and 25 information and service providers in a single operational environment, RTM manages data, voice and image services and develops specific solutions for users in the financial sector. In order to apply the equity method, RTM financial statements were used with one month's lag effect. The difference in the subsidiary's reporting dates used derives from incompatibilities in the accounting close timeline of B3 and the subsidiary.

The BRV LLC and USA Chicago stated no balance in the period.

b. Investment properties

This category comprises properties owned by subsidiary BVRJ, no restrictions on any sales, which are carried at cost and depreciated at the rate of 4% p.a. There were no additions or write-offs for the period, and depreciation totaled R\$759 (R\$759 at June 30, 2019). Rental income from these properties for the quarter ended June 30, 2020 amounted to R\$2,854 (R\$2,856 at June 30, 2019).

At June 30, 2020, cost less accumulated depreciation of these properties amounted to R\$23,804 (R\$24,563 at December 31, 2019) and fair value estimated is R\$103,642 calculated considering the average square-meter price for sale of commercial properties in the city of Rio de Janeiro, as disclosed in FIPEZAP table.

7. Property and equipment

Changes	B3						Total
	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	
Balances at December 31, 2019	293,567	20,707	243,956	47,741	33,176	40,733	679,880
Additions	2,721	2,370	33,288	11,726	3,080	7,660	60,845
Right of use	4,805	-	-	-	-	-	4,805
Write-offs	-	(258)	(139)	(4,755)	(2)	-	(5,154)
Transfers	8,798	76	-	-	-	(8,874)	-
Expenses with recapitalized depreciation	-	(1)	(762)	(2)	-	-	(765)
Depreciation	(10,041)	(2,939)	(27,653)	(4,119)	(2,293)	-	(47,045)
Balances at June 30, 2020	299,850	19,955	248,690	50,591	33,961	39,519	692,566
At June 30, 2020							
Cost	488,287	67,375	677,275	75,429	85,443	39,519	1,433,328
Accumulated depreciation	(188,437)	(47,420)	(428,585)	(24,838)	(51,482)	-	(740,762)
Net book balance	299,850	19,955	248,690	50,591	33,961	39,519	692,566
Annual average depreciation rates 2020							
	4.1%	13.3%	13.5%	11.0%	11.5%	-	

Changes	Consolidated						Total
	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	
Balances at December 31, 2019	296,354	21,363	248,648	47,809	34,946	40,733	689,853
Additions	2,721	2,423	36,864	11,726	3,080	7,660	64,474
Right of use	5,510	-	-	-	-	-	5,510
Write-offs	-	(257)	(168)	(4,755)	(2)	-	(5,182)
Transfers	8,798	76	-	-	-	(8,874)	-
Expenses with recapitalized depreciation	-	(1)	(762)	(2)	-	-	(765)
Depreciation	(10,444)	(3,003)	(28,400)	(4,132)	(2,314)	-	(48,293)
Acquisition of subsidiary (Nota 2(d))	5	-	57	-	-	-	62
Balances at June 30, 2020	302,944	20,601	256,239	50,646	35,710	39,519	705,659
At June 30, 2020							
Cost	492,220	69,363	693,164	76,690	87,381	39,519	1,458,337
Accumulated depreciation	(189,276)	(48,762)	(436,925)	(26,044)	(51,671)	-	(752,678)
Net book balance	302,944	20,601	256,239	50,646	35,710	39,519	705,659
Annual average depreciation rates 2020							
	4.1%	13.3%	13.5%	11.0%	11.5%	-	

8. Intangible assets

Changes							B3
	Goodwill (1)	Software development internally generated	Software internally generated – projects completed	Softwares	Contractual relations	Trademarks	Total
Balances at December 31, 2019	22,338,799	239,497	3,625,765	121,937	24,680	17,428	26,368,106
Additions	-	56,865	-	8,585	-	-	65,450
Write-offs	-	-	(2,127)	(15)	-	-	(2,142)
Transfers	-	(56,530)	(7,454)	63,984	-	-	-
Amortization	-	-	(411,291)	(19,045)	(4,936)	(17,428)	(452,700)
Other	-	872	-	(107)	-	-	765
Balances at June 30, 2020	22,338,799	240,704	3,204,893	175,339	19,744	-	25,979,479
At June 30, 2020							
Cost	22,338,799	240,704	6,094,283	653,151	54,221	190,131	29,571,289
Accumulated amortization	-	-	(2,889,390)	(477,812)	(34,477)	(190,131)	(3,591,810)
Net book balance	22,338,799	240,704	3,204,893	175,339	19,744	-	25,979,479
Annual average amortization rates	-	-	13.7%	13.4%	17.6%	-	

Changes							Consolidated
	Goodwill (1)	Software development internally generated	Software internally generated – projects completed	Softwares	Contractual relations	Trademarks	Total
Balances at December 31, 2019	22,416,150	239,497	3,649,476	126,196	38,792	17,438	26,487,549
Additions	-	57,763	899	9,654	-	-	68,316
Write-offs	-	-	(2,127)	(15)	-	-	(2,142)
Transfers	-	(56,530)	(8,599)	65,129	-	-	-
Amortization	-	-	(412,787)	(20,816)	(6,057)	(17,428)	(457,088)
Acquisition of subsidiary (Note 2(d))	1,456	-	-	606	2,309	-	4,371
Others	(37)	872	-	(109)	-	-	726
Balances at June 30, 2020	22,417,569	241,602	3,226,862	180,645	35,044	10	26,101,732
At June 30, 2020							
Cost	22,417,569	241,602	6,119,939	667,090	71,288	190,141	29,707,629
Accumulated amortization	-	-	(2,893,077)	(486,445)	(36,244)	(190,131)	(3,605,897)
Net book balance	22,417,569	241,602	3,226,862	180,645	35,044	10	26,101,732
Annual average amortization rates	-	-	13.7%	13.4%	17.6%	-	

(1) Goodwill amounts

As at June 30, 2020, the main variables relating to projected future cash flows of cash-generating units Bovespa Holding and CETIP (UTVM and UFIN) were reviewed and no requirement to adjust the goodwill amounts was identified.

As at such base date, the projected future cash flows of Portal de Documentos and BLK (acquired in 2019) were also analyzed and no requirement to adjust the goodwill amounts was identified.

Bovespa Holding

The goodwill generated on the acquisition of Bovespa Holding in 2008, grounded on expected future profitability and an economic and financial appraisal report on the investment, was R\$16,064,309. At December 31, 2015, the test based on an appraisal report, then prepared by independent experts, identified the need to reduce the recoverable amount of Bovespa Holding by R\$1,662,681 and, consequently, the goodwill book value corresponded to R\$14,401,628.

CETIP

The goodwill generated on the acquisition of CETIP in March 2017, amounting to R\$7,937,171, is based on the expectation of future profitability and the Purchase Price Allocation (PPA) report, with R\$5,041,133 allocated for CETIP UTVM and R\$2,896,038 for CETIP UFIN.

Subsidiaries

Portal de Documentos, BLK and CED

The goodwill generated upon acquisition of Portal de Documentos (R\$68,063 in June 2019) and BLK (R\$9,251 in March 2019) is based on expected future profitability and the Purchase Price Allocation (PPA) report. The goodwill upon acquisition of CED (R\$1,456 in June 2020) was calculated based on in-house estimates.

9. Loans and financing

						B3
Changes	Foreign debt	Debentures	Loans involving subsidiary	Bank credit note	Other loans	Total
Balance at December 31, 2019	2,519,416	1,208,045	1,902,517	-	27,619	5,657,597
Additions and appropriation of interest	99,884	21,802	58,065	190	1,020	180,961
New borrowing	-	-	-	1,250,000	-	1,250,000
Leases	-	-	-	-	4,805	4,805
Amortization of borrowing costs	706	174	-	-	55	935
Amortization of interest	(70,219)	(25,257)	(12,998)	-	(470)	(108,944)
Amortization of principal	(12,391)	-	-	-	(4,749)	(17,140)
FX differences	-	-	666,875	-	-	666,875
FX differences - Fair value hedge	884,524	-	-	-	-	884,524
FX differences - Cash flow hedge	8,625	-	-	-	-	8,625
Present value adjustment - Fair value hedge	7,128	-	-	-	-	7,128
Balance at June 30, 2020	3,437,673	1,204,764	2,614,459	1,250,190	28,280	8,535,366
At December 31, 2020						
Current	3,437,673	5,083	397,774	190	7,775	3,848,495
Noncurrent	-	1,199,681	2,216,685	1,250,000	20,505	4,686,871
Book Balance	3,437,673	1,204,764	2,614,459	1,250,190	28,280	8,535,366



Changes	Consolidated					Total
	Foreign debt	Debentures	Bank Loans	Bank credit note	Other loans	
Balance at December 31, 2019	2,519,416	1,208,045	606,589	-	30,497	4,364,547
Additions and appropriation of interest	99,884	21,802	14,106	190	1,161	137,143
New borrowing	-	-	-	1,250,000	-	1,250,000
Leases	-	-	-	-	5,510	5,510
Amortization of borrowing costs	706	174	-	-	55	935
Amortization of interest	(70,219)	(25,257)	(13,340)	-	(470)	(109,286)
Amortization of principal	(12,391)	-	-	-	(5,121)	(17,512)
FX differences	-	-	216,796	-	-	216,796
FX differences - Fair value hedge	884,524	-	-	-	-	884,524
FX differences - Cash flow hedge	8,625	-	-	-	-	8,625
Present value adjustment - Fair value hedge	7,128	-	-	-	-	7,128
Balance at June 30, 2020	3,437,673	1,204,764	824,151	1,250,190	31,632	6,748,410
At December 31, 2020						
Current	3,437,673	5,083	550,351	190	8,446	4,001,743
Noncurrent	-	1,199,681	273,800	1,250,000	23,186	2,746,667
Book Balance	3,437,673	1,204,764	824,151	1,250,190	31,632	6,748,410

Debt issued abroad

With the adoption of the fair value hedge accounting in March 2016 (Note 4 (c)), the principal amount of debt securities issued abroad in 2010 are now measured at fair value. The restated loan included the amounts to R\$98,787 (R\$72,887 at December 31, 2019), referring to half-yearly interest incurred until the reporting date. On July 16, 2020, the debt was paid off, as written in the contract.

The market value of securities, obtained from Bloomberg, considers principal and interest, and amounts to R\$3,367,666 at June 30, 2020 (R\$2,516,198 at December 31, 2019).

Debentures

In May 2019, B3 issued non-privileged unsecured debentures at a nominal rate of 102.80% of the CDI, total nominal value of R\$ 1,200,000, total final amortization (May 2022), semiannual interest payments (May and November) and redemption and early amortization clause upon payment of a premium of 0.10% per year for the remaining term of the debentures. The indenture was issued with a term of 30 years with a renegotiation clause scheduled for May 2022.

As at June 30, 2020, the debit balance of the second issue amounted to R\$1,205,430 (R\$1,208,885 as at December 31, 2019), with the payment schedule and obligations set forth in the debentures indenture being fully honored, with no events of default up to the respective date.



Loans involving subsidiary - CETIP Lux

The loan agreements have been executed for a weighted average term of three years, with amortization of principal in September 2019 and December 2020, for US\$404,800 and US\$56,610 respectively. The weighted interest rate of the loan is some 4.50% p.a., with payment of interest on a half-yearly basis, annually or upon maturity of the principal, depending on the agreement.

In September 2019, the loan with the subsidiary amounting to US\$404,800 was renegotiated to approximately 4 years and interest rate of 3.5% p.a.

Bank loans

In August 2017, the loan maturity was renegotiated and extended called CETIP Lux I, in the amount of US\$ 100,000, contracted during 2014 with the quarterly payments of interest at a rate of 3.6% per annum.

In September 2019, Cetip LUX took out a new bank loan amounting to US\$50,000, for a period of 4 years, subject to interest rate of 3.47% p.a. to be paid on a quarterly basis. This amount was fully used for paying the maturing loan.

The loan agreements rely on B3's personal guarantee and set out that CETIP Lux shall maintain a minimum equity amount over the agreement period. In case of noncompliance, the loan may mature in advance. In the period, this section was complied with.

Bank credit note

In June 2020, B3 contracted a loan with a low-risk credit financial institution, at a nominal rate of CDI plus 2.50% p.a., total nominal amount of R\$1,250,000, final total amortization in July 2023, payment of semiannual interest.

As at June 30, 2020, the debit balance of the loan amounted to R\$1,250,190, with the payment schedule and obligations set forth in the loan agreement being fully honored, with no events of default up to the respective date.

10. Other obligations

Descrição	B3		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Current				
Repurchase agreements (1)	-	-	479,579	373,073
Demand deposits (2)	-	-	279,334	180,819
Amounts to be transferred - Direct Treasury	38,918	40,524	38,918	40,524
Amounts to be transferred - Incentives	32,066	41,880	32,066	41,880
Payables – CME/ICE	31,879	40,920	31,879	40,920
Future installments (3)	24,074	23,717	24,074	23,717
Amounts to be transferred – Arbitration chamber	19,519	4,675	19,519	4,675
Exchange to settle	15,470	-	15,470	-
Synergy transfer	8,577	23,964	8,577	23,964
Other	27,441	23,500	35,556	74,975
Total	197,944	199,180	964,972	804,547
Noncurrent				
Future installments (3)	14,315	18,996	14,315	18,996
Payables – CME/ICE	11,412	8,105	11,412	8,105
Other	-	-	801	900
Total	25,727	27,101	26,528	28,001

- (1) These refer to open market funding made by Banco B3, comprising repurchase agreements maturing on July 1, 2020 (2019 - January 2, 2020) and backed by Financial Treasury Bills (LFT) and National Treasury Bills (LTN).
- (2) These refer to demand deposits held by legal entities at Banco B3 with the sole purpose of settlement of clearing operations held within B3 and the Special System for Settlement and Custody (SELIC), pursuant to BACEN Circular Letter No. 3196 of July 21, 2005.
- (3) These refer to the remaining acquisition amount of Portal de Documentos. Fair value of future installments is reviewed and calculated under the Montecarlo Method (MMC).

11. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions

a. Contingent assets

B3 has no contingent assets recognized in its balance sheet and, at present, no lawsuits which are expected to give rise to significant future gains.

b. Provisions for tax, civil, and labor contingencies

B3 and its subsidiaries are defendants in a number of legal and administrative proceedings involving labor, tax and civil matters arising in the ordinary course of business.

Legal and administrative proceedings are classified, according to their likelihood of loss, as probable, possible and remote, based on an assessment made in accordance with the Company's contingency assessment guidelines and submitted to the Audit Committee.

The proceedings assessed as probable loss are mostly comprised as follows:

- (i) Labor claims mostly relate to claims filed by former employees of B3 and employees of outsourced service providers, because of alleged noncompliance with labor legislation;
- (ii) Civil proceedings mainly relate to aspects of civil liability of B3 and its subsidiaries, as well as to the cancellation of (i) units of interest of former members of the then *CETIP Associação*; and (ii) securities of former member of the then *Associação BM&F*; and
- (iii) Tax proceedings for which provisions were set up mostly relate to PIS and COFINS levied on B3 revenues.

c. Legal obligations

These are represented by three groups of lawsuits in which B3 and its subsidiaries claim (i) non-levy of additional social security contribution on payroll and payments to self-employed professionals; (ii) the unconstitutionality of the broadened COFINS tax base by reference to Law No. 9718; and (iii) non-levy of ISS on the activity of permanence, registration of securities and other services.

d. Other provisions

B3 has contracts that provide for the payment of attorneys' success fees arising from tax and civil proceedings, in which B3 figures as defendant. Within its best estimates, B3 determined and provisioned the amounts for which it understands that there is likelihood of future disbursement, related to attorneys' success fees from proceedings whose likelihood of loss is assessed as possible and remote.

e. Changes in balances

Changes in provisions for contingencies and legal obligations are broken down as follows:

Changes	B3					Total
	Civil	Labor	Legal obligations	Tax	Other provisions	
Balances at December 31, 2019	548,678	31,634	184,340	24,996	76,651	866,299
Provisions	146	1,495	6,076	-	4,221	11,938
Provision expenditure (1)	(20)	(343)	-	(16,035)	(3,726)	(20,124)
Reversal of provisions	-	(102)	-	-	(5,016)	(5,118)
Reassessment of risks	(2)	(93)	-	-	-	(95)
Restatement	84,922	1,736	5,259	218	2,837	94,972
Balances at June 30, 2020	633,724	34,327	195,675	9,179	74,967	947,872

Changes						Consolidated
	Civil	Labor	Legal obligations	Tax	Other provisions	Total
Balances at December 31, 2019	548,804	31,640	184,508	24,996	80,262	870,210
Provisions	154	1,495	6,139	442	4,239	12,469
Provision expenditure (1)	(73)	(343)	-	(16,035)	(3,726)	(20,177)
Reversal of provisions	(14)	(102)	-	-	(5,031)	(5,147)
Reassessment of risks	(1)	(93)	-	-	-	(94)
Restatement	84,927	1,737	5,262	218	2,996	95,140
Balances at June 30, 2020	633,797	34,334	195,909	9,621	78,740	952,401

(1) B3 had two claims seeking not to include interest on equity in the PIS and COFINS tax bases. In June 2020, a final and unappealable unfavorable decision resulted in the expenditure of the provision in the amount of R\$16,035. The amounts under discussion were deposited (Note 11(h)).

Considering the characteristics of the provisions, the timing of the cash disbursements, if any, cannot be predicted.

f. Possible losses

The proceedings assessed as possible loss are so classified as a result of uncertainties surrounding their outcome. They are legal or administrative proceedings for which case law has not yet been established or which still depend on check and analysis of the facts, or even involve specific aspects that reduce the likelihood of loss.

B3 and its subsidiaries are parties to tax, civil and labor lawsuits involving risks of loss classified as possible, based on the assessment of B3's legal department and external legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

- (i) Labor claims mostly relate to claims filed by former employees of B3 and of outsourced service providers, on account of alleged noncompliance with labor legislation. At June 30, 2020, lawsuits classified as possible loss amount to R\$13,431 in B3 (R\$13,356 at December 31, 2019) and R\$13,803 in consolidated (R\$13,708 at December 31, 2019).
- (ii) Civil proceedings mainly relate to aspects of civil liability of B3, as well as cancellation of units of interest of former members of the then CETIP Associação. The amount involved in civil proceedings classified as possible losses at June 30, 2020 totals R\$92,514 in B3 (R\$81,697 at December 31, 2019) and R\$106,848 in the Consolidated (R\$81,726 at December 31, 2019).
- (iii) The total amount involved in the tax proceedings assessed as possible loss amounts to R\$12,686,748 in B3 (R\$473,236 at December 31, 2019) and R\$12,687,542 in the Consolidated (R\$473,841 at December 31, 2019). The main tax proceedings of B3 and its subsidiaries refer to the following matters:
 - From years 2010 to 2019, B3 was served four tax assessment notices from the Brazilian IRS (RFB) seeking the amortization, for tax purposes, of the goodwill generated upon merger of Bovespa Holding S.A. shares into B3 in May 2008. On May 15, 2020, an unfavorable decision was handed down on the annulment action brought by B3 as to the proceeding described in item (1), which is why B3 started to assign possible loss risk to the claims that discuss the



goodwill amortization for tax purposes. Highlighted below are the amounts involved in each of the tax proceedings:

Period of tax amortization challenged	Amounts referring to administrative proceedings	
	06/30/2020	12/31/2019
2008 and 2009 (1)	1,355,420	1,342,008
2010 and 2011 (2)	2,747,793	2,716,406
2012 and 2013 (3)	3,423,450	3,375,948
2014, 2015 and 2016 (4)	4,317,802	4,254,172
Total	11,844,465	11,688,534

- (1) B3 filed an appeal with the Judiciary through an action for annulment on April 23, 2018, against an unfavorable decision to B3 in the *Higher Chamber of Administrative Board of Tax Appeals (CARF)* issued in the notice of infraction issued on November 29, 2010. On June 12, 2018, the preliminary injunction granted suspended the collectability of the tax credit. On May 15, 2020, an unfavorable judgment was rendered in the annulment action. On May 22, 2020, the motion for clarification was filed, which is pending judgment.
 - (2) On June 22, 2017, CARF granted the Voluntary Appeal filed by B3 and, on August 11, 2019, the Higher Board of Tax Appeals (CSRF) dismissed B3's appeal upon granting the appeal to the High Court of Justice lodged by the National Treasury General Attorney's Office (PGFN). The return of the case records to the Lower Court was determined for judgment of subsidiary matters, which were not examined in the judgment of the Appeal. Currently, a new judgment by the Lower Court is awaited, and the debt remains under suspended enforceability over this period.
 - (3) In October 2017, the Company filed a related administrative protest, for which an unfavorable to the B3 decision was handed down by the Brazilian IRS Judgment Office ("DRJ"), upholding the notice. On October 16, 2019, the lower panel of the Administrative Board of Tax Appeals (CARF) issued a decision granting the Voluntary Appeal filed by B3.
 - (4) In November 2019, B3 filed an administrative appeal, on which a decision not in favor of B3 was issued on June 10, 2020 by the Brazilian IRS Regional Appellate Division Office (DRJ). B3 will file a Voluntary Appeal in the Administrative Board of Tax Appeals (CARF) within the legal term.
- classification of former Bovespa, in the period prior to its IPO operations, as payer of Social Contribution Tax for Social Security Financing ("COFINS"), which is subject to a declaratory judgment action referring to inexistence of a legal tax relationship with the Brazilian federal government, in which former Bovespa requests non-levy of referred to social contribution on revenues from the activities for which such company was organized, since these revenues do not fall into the concept of billing. As at June 30, 2020, the amount involved in referred to action is R\$55,854 (R\$55,363 at December 31, 2019).
 - collection of Withholding Income Tax ("IRRF"), referring to calendar year 2008, arising from the Brazilian IRS's understanding that B3 is responsible for withholding and payment of



IRRF on alleged capital gain by non-resident investors of Bovespa Holding S.A., resulting from merger of shares of said company by B3. On November 26, 2018, the B3 appealed to the Judiciary Branch against the decision of the Higher Chamber of CARF that maintained referred to tax assessment notice, and obtained a preliminary injunction suspending the enforceability of the tax credit. The amount involved in the related administrative proceeding at June 30, 2020 totals R\$233,457 (R\$231,199 at December 31, 2019).

- Service Tax (ISS) notices of delinquency referring to the OTC segment activities (former UTVM) performed by former CETIP in 2016. The proceeding, assessed as possible loss, will represent a contingent liability of R\$32,056 in January 2020, referring to the months of May through December 2016. In relation to the months of January through April 2016, judicial deposits have already been made regarding the proceedings that discuss (i) the jurisdiction of the municipalities of São Paulo and Rio de Janeiro to levy ISS; and (ii) the non-levy of ISS on the activities involving holding, registration of securities, among other services (Note 11(h)). In relation to the months from May to December 2016, the lawsuit represents a contingent liability, on June 30, 2020, in the amount of R\$34,494.
- Corporate Income Tax (IRPJ) and Social Contribution on Net Profit (CSLL) notice of delinquency that challenges the calculation of capital gains upon sale, in 2015, of 20% of CME shares held by BM&FBOVESPA. According to the tax authorities, the exchange difference relating to this investment recorded in accounting should not have been used as acquisition cost for taxable capital gain calculation purposes. The amount involved represented, on June 30, 2020, a contingent liability amounting to R\$329,860.

g. Remote losses

B3 is a defendant in 3 (three) class actions and 2 (two) public civil actions, filed against the then Bolsa de Mercadorias & Futuros - BM&F ("BM&F"), to determine alleged Treasury losses arising from transactions performed by the Central Bank of Brazil in January 1999 in the dollar futures market. Currently, only four (4) of these lawsuits against B3 are in progress. In March 2012, those claims had been accepted by the lower court for conviction of most of the defendants in these proceedings, including the entity then known as BM&F. The combined convictions amounted to R\$7,005 million, from which, according to one of the rulings, the gains obtained by the Central Bank of Brazil due for not using international reserves, amounting to R\$5,431 million, could be deducted. B3 had also been sentenced to pay a civil fine of R\$1,418 million. In June 2017, the Federal Regional Court ruled in favor of the appeals filed by B3, reversing the sentences to exclude the liability for compensation for any damages suffered by the Brazilian Treasury Department. The Federal Prosecution Office (MPF) filed appeals to the High Court and one appeal to the Supreme Court against the decisions that reversed the negative judgments in all proceedings. One of the appeals to the High Court filed by MPF was analyzed and rejected, due to the unappealable decision already issued in favor of B3. The other appeals to the High Court and the appeal to the Supreme Court were accepted for judgment by the Brazilian High Court of Justice (STJ) and Brazilian Supreme Court (STF), respectively. All amounts reported in this item are historical amounts referring to January 1999 and would be monetarily restated, including default interest and loss of suit expenses.

h. Judicial deposits

Description	B3		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Legal obligations (1)	165,686	160,927	165,686	160,927
Tax (2)	78,555	93,728	78,756	93,926
Labor	12,937	13,048	13,092	13,200
Civil	7,064	6,930	7,072	6,937
Total	264,242	274,633	264,606	274,990

- (1) Of the total deposits related to legal obligations, R\$134,934 (R\$130,956 at December 31, 2019) refers to the proceeding that challenges non-levy of ISS on the activities involving holding, registration of securities, among others (Note 11(f)). In addition, the amount of R\$6,764 (R\$6,705 at December 31, 2019) refers to proceedings in which B3 seeks non-levy of additional social security contribution tax on payroll and payments made to self-employed, as well as challenge regarding the legality of the requirement to pay the Accident Prevention Factor.
- (2) Of B3's total tax judicial deposits, the amount of R\$55,791 (R\$55,363 at December 31, 2019) is worth highlighting, referring to the proceeding that discusses the classification of the former Bovespa as a COFINS taxpayer, classified by B3 as possible loss (Note 11(f)). B3 had two suits in which it claimed not to include interest on own capital in its PIS and COFINS tax bases. The final and unappealable unfavorable decision resulted in the reversal of tax deposits in the amount of R\$16,035 (R\$15,892 at December 31, 2019) (Note 11(e)).

We stress that the tax-related judicial deposits comprise, in addition to the proceedings classified as probable loss and legal obligations, the proceedings whose likelihood of loss is rated as possible.

12. Equity

a. Capital

At a meeting of the Board of Directors held on March 05, 2020, an increase in B3 capital amounting to R\$9,000,000 was approved. B3 capital now amounts to R\$12,548,655 (R\$3,548,655 at December 31, 2019), comprising 2,059,138,490 registered common shares with voting rights and no-par value, of which 2,043,626,956 common shares are outstanding at June 30, 2020 (2,046,098,617 at December 31, 2019).

Capital was increased through partial capitalization of capital reserves, with no issue of new shares. A transfer within equity, with no other legal and economic consequences, aiming to rebalance the ratio between the capital accounts of the Company's equity.

B3 is authorized to increase its capital up to the limit of 2,500,000,000 common shares, through a resolution of the Board of Directors, without any amendment to its Articles of Incorporation.

b. Treasury shares

Share buyback program

In a meeting held on March 05, 2020, the Board of Directors approved B3 Share Buyback Program, beginning on March 06, 2020 and ending on February 28, 2021. The limit of shares that may be acquired by B3 is 21,700,000 common shares, which represent 1.05% of total shares outstanding. Until June 30, 2020, B3 had purchased 3,870,900 shares, which represents 17.84% of the total provided for in the buyback program in June 2020.

The shares purchased in connection with the Share Buyback Program may be cancelled or used for transferring shares to the Stock Grant Plan beneficiaries.

Changes in treasury shares for the period are as follows:

Changes	Quantity	Amount
Balances at December 31, 2019	13,039,873	196,619
Shares acquisition – buyback program	6,070,900	251,065
Shares sold – Stock option and stock grant plans	(3,599,239)	(71,771)
Balances June 30, 2020	15,511,534	375,913
Average cost of treasury shares (R\$ per share)		24.23
Market value of treasury shares		718,367

c. Revaluation reserves

Revaluation reserves were established because of the revaluation of works of art in B3 and of the properties of subsidiary BVRJ in 2007, based on independent experts' appraisal reports.

d. Capital reserve

This refers substantially to amounts originated in the merger of Bovespa Holding and CETIP shares in 2008 and 2017, respectively, and other corporate events allowed by the Brazilian Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with the stock option and stock grant plans.

e. Income reserves

(i) Legal reserve

Legal reserve is annually set up with allocation of 5% of net income for the year, capped at 20% of capital. The legal reserve aims at ensuring integrity of capital and may only be used to absorb losses and increase capital. The legal reserve is not required to be set up considering that its amount plus the capital reserves exceeds 30% of the Company capital.

(ii) Statutory reserves

Represent funds and safeguard mechanisms required for the activities of B3, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the Articles of Incorporation, the Board of Directors may, when the amount of the statutory reserve is sufficient to meet the purposes for which it was originally established, propose that part of the reserve be distributed to the shareholders of the B3.

f. Dividends and interest on equity

As provided for in the Articles of Incorporation, shareholders are entitled to mandatory minimum dividends of 25% of net income for the year, adjusted under Brazilian Corporation Law.

The interests on equity and dividends approved in relation to P&L for the period are as follows:

Earning	Date of approval	Date of payment	Gross per share (R\$)	Total gross amount	Tax Effect
Interest on equity	03/05/2020	04/07/2020	0.143375	293,000	(99.620)
Interest on equity	06/25/2020	08/07/2020	0.146798	300,000	(102.000)
Total for the period of 2020				593.000	(201,620)

g. Earnings per share

	2020		Consolidated 2019	
	2Q	Accumulated	2Q	Accumulated
Basic				
Numerator				
Net income available to shareholders of B3	892,388	1,917,940	654,769	1,260,967
Denominator				
Weighted average number of outstanding shares	2,045,906,087	2,044,138,736	2,044,403,045	2,047,373,680
Basic earnings per share (in R\$)	0.436182	0.938263	0.320274	0.615895

	2020		Consolidated 2019	
	2Q	Accumulated	2Q	Accumulated
Diluted				
Numerator				
Net income available to shareholders of B3	892,388	1,917,940	654,769	1,260,967
Denominator				
Weighted average number of outstanding shares adjusted by effects of stock options and stock grant plans	2,055,556,635	2,047,780,785	2,055,664,768	2,058,269,542
Diluted earnings per share (in R\$)	0.434134	0.936594	0.318519	0.612635

13. Transactions with related parties

a. Transactions and balances with related parties

Description	Assets / (liabilities)		Revenue / (expenses)			
	06/30/2020	12/31/2019	2020		2019	
			2Q	Accumulated	2Q	Accumulated
Banco B3						
Accounts receivable	1,280	1,143	-	-	-	-
Interest on equity receivable	-	4,675	-	-	-	-
Accounts payable	(204)	(199)	-	-	-	-
Recovery of expenses	-	-	3,736	7,469	3,564	6,974
Income from fees	-	-	68	128	33	86
Expenses from fees	-	-	(799)	(1,180)	(359)	(730)
CETIP Lux						
Accounts payable	(2,614,459)	(1,902,517)	-	-	-	-
Interest on loans	-	-	(25,654)	(58,065)	(18,542)	(37,771)
Exchange rate variation - loans	-	-	(127,949)	(666,875)	29,761	19,656
BM&FBOVESPA Supervisão de Mercados						
Accounts receivable	233	195	-	-	-	-
Accounts payable	(531)	(430)	-	-	-	-
Donation and contribution	-	-	(4,598)	(7,014)	(728)	(3,254)
Recovery of expenses	-	-	715	1,387	678	1,416
Other related parties						
Accounts receivable	4,133	109	-	-	-	-
Accounts payable	(454)	(49)	-	-	-	-
Recovery of expenses	-	-	3,491	6,587	2,958	4,053
Sundry revenues	-	-	322	537	162	204
Expenses with courses	-	-	-	(101)	-	(25)
Sundry expenses	-	-	(2,973)	(3,422)	(2,234)	(3,162)

B3 follows a policy on transactions with related parties, approved by the Board of Directors, which aims to establish rules to ensure that all decisions involving related-party transactions and other situations of potential conflict of interest are taken to the interests of B3 and its shareholders.

The main recurring transactions with related parties are described below and were carried out under the following conditions:

The BM&FBOVESPA Supervisão de Mercados - BSM ("BSM") is a not-for-profit civil association engaged in the analysis, supervision and inspection of transactions and activities of the companies of Trading Members and Regulators that perform clearing and settlement activities and/or custody services that operate in the stock exchange market and in the organized over-the-counter market managed by B3. In addition to these attributions, BSM incorporated the self-regulatory activities of the marketable securities organized markets.



B3 has entered into an agreement with BSM for the transfer and recovery of costs, which establishes the reimbursement to B3 of expenses incurred for resources and infrastructure made available to BSM to assist in the performance of its supervision activities. Such costs are determined on a monthly basis using the methodology specified in the agreement entered by and between the parties and also include the activities related to the *Mecanismo de Ressarcimento de Prejuízos* (“MRP”), as this mechanism is administered by BSM.

B3 makes transfers to supplement financing for the activities of BSM and regular transfers of fines for failure to settle debts and deliver assets, as set out in Circular Letter No. 044/2013 of B3. From 2013 to June 30, 2020, B3 transferred to BSM approximately R\$115,926 in contributions and fines due to lack of financial settlement.

Sundry expenses with other related parties consist mainly of general expenses of UK Ltd. Office and relating to services provided for member companies member of B3's Board of Directors, whose terms ended by April 29, 2019. Their engagement was conducted using the criteria established by the related parties' policy and for other situations involving conflicts of interest.

Sundry revenues from other related parties refer mainly to services provided by B3 to BLK referring to Market data, data signal sales, and co-location hosting services.

In December 2019, B3 assigned the usufruct of the government securities owned by B3 to the Associação BM&F. This usufruct is aimed at ensuring the transfer of yield by B3, as an honorary member, to fund the activities developed by Association for a period of three years as from signature date.

b. Key management personnel compensation

Key management personnel include directors and statutory officers.

Benefits to managing officers	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Managing officers				
Short-term benefits (salaries, profit sharing etc.)	10,398	20,225	8,626	17,230
Share-based compensation (1)	24,635	32,055	19,956	43,578
Board of Directors				
Short-term benefits (fees and social charges)	3,208	6,442	3,036	5,505
Share-based compensation (1)	2,234	5,208	1,890	4,271

(1) This refers to expenses computed in the quarter relating to share-based compensation, increased by labor and social security charges of key management personnel. These expenses were recognized according to the criteria described in Note 15.

14. Collateral for transactions

Acting as central guarantor of the derivatives, exchange and floating income markets, B3 manages two clearinghouses considered systemically important by the Central Bank of Brazil: BM&FBOVESPA and Foreign Exchange.

The activities carried out by the clearinghouse are governed by Law No. 10214/01, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouse and permits the utilization of the collateral obtained from defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, agreements with creditors, intervention, bankruptcy and out-of-court liquidation.

Through its foreign exchanges, B3 acts as a central counterparty in the derivatives market (futures, forward, options and swaps), spot foreign exchange market and variable income (spot, forward, option, futures and lending of securities). In other words, by assuming the role of a central counterparty, B3 becomes responsible for the settlement of trades carried out and/or registered in its systems, as established in the applicable regulations.

The performance of B3 as a central counterparty exposes it to the credit risk of the participants that utilize its settlement systems. If a participant fails to make the payments due, or to deliver the assets or commodities due, it will be incumbent upon B3 to resort to its safeguard mechanisms, in order to ensure the proper settlement of the transactions in the established time frame and manner. In the event of a failure or insufficiency of the safeguard mechanisms of its foreign exchanges, B3 might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The clearinghouse is not directly exposed to market risk, as they do not hold net long or net short positions in the various contracts and assets traded. However, an increase in price volatility can affect the magnitude of amounts to be settled by the various market participants and can also heighten the probability of default by these participants. Furthermore, as already emphasized, the clearinghouse is responsible for the settlement of the trades of a defaulting participant, which could result in losses for B3 if the amounts due surpass the amount of collateral available. Accordingly, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

Each clearinghouse has its own risk management system and safeguard structure. The safeguard structure of a clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants. These systems and structures are described in detail in the regulations and manuals of each clearinghouse and have been tested and ratified by the Central Bank of Brazil (BACEN), in accordance with National Monetary Council (CMN) Resolution No. 2882/01 and BACEN Circular No. 3057/01.

The safeguard structures of the clearinghouses are based largely on a loss-sharing model called defaulter pays, in which the amount of collateral deposited by each participant should be able to absorb, with a high degree of confidence, the potential losses associated with its default. Consequently, the amount required as collateral for participants is the most important element in our management structure of the potential market risks arising from our role as a central counterparty.

For most contracts and operations involving assets, the required value as collateral is sized to cover the market risk of the business, i.e. its price volatility during the expected time frame for settlement of the positions of a defaulting participant. This timeframe can vary depending on the nature of contracts and assets traded.

The models used for calculating the margin requirements are based, in general, on the concept of stress testing, in other words, a methodology that attempts to measure market risk into account not only recent historical volatility of prices, but also the possibility of the occurrence of unexpected events that modify the historical patterns of behavior of prices and the market in general.

In BM&FBOVESPA, the guarantee margin is defined by the risk faced by the clearinghouse of closing a portfolio. To calculate the risk of closing a portfolio containing positions and guarantees from multiple markets and asset classes, B3 developed an innovative risk measure: Close-Out Risk Evaluation (CORE).

The operations in the B3 markets are secured by margin deposits in cash, government and corporate securities, letters of guarantee and shares among others. The guarantees received in cash, in the amount of R\$4,597,233 (R\$3,013,447 at December 31, 2019), are recorded as a liability under “Collateral for transactions” and collaterals, in the amount of R\$408,967,955 (R\$357,884,530 at December 31, 2019), are recorded in memorandum accounts. At June 30, 2020, total collaterals deposited by members amounts to R\$413,565,188 (R\$360,897,977 at December 31, 2019), as follows:

a. Collaterals deposited by members

Description	06/30/2020		12/31/2019	
	BM&FBOVESPA Clearinghouse	Foreign Exchange Clearinghouse	BM&FBOVESPA Clearinghouse	Foreign Exchange Clearinghouse
Federal government securities	312,380,164	16,036,131	264,835,056	7,867,152
Shares	68,546,896	-	75,698,410	-
International securities (1)	7,086,023	-	4,894,286	-
Letters of guarantee	2,871,577	-	3,200,560	-
Cash amounts deposited	4,254,447	54,760	2,972,940	40,307
Bank Deposit Certificates (CDBs)	2,132,074	-	1,309,616	-
Gold	111,256	-	17,373	-
Other	91,860	-	62,277	-
Total	397,474,297	16,090,891	352,990,518	7,907,459

(1) American and German government securities as well as ADRs (American Depositary Receipts).

b. Other safeguard mechanisms

(i) Minimum non-operating guarantee (“GMNO”): The GMNO deposit is an access requirement for full negotiation participants (“PNP”) and Settlement participants (“PL”) to the clearinghouse of BM&FBOVESPA and the required values are defined in the BM&FBOVESPA access manual. The GMNO is broken down as follows:

Breakdown	06/30/2020	12/31/2019
Share Investment Fund (FILCB)	951,465	923,737
Amounts deposited	951,465	923,737
Amounts required of members	869,964	833,185
Amount in excess of the minimum required	81,501	90,552

- (ii) *Fundo de Liquidação* (“Settlement Fund”): funds in the FLI are used by the clearinghouse of BM&FBOVESPA to cover any losses arising from default by one or more clearing members (“MC”), after there are no more guarantees deposited by members under the responsibility of the MCs in default. In addition to the contribution of the MCs to the FLI, there is also the contribution of B3, which is a portion of its equity, allocated to the fund. These contributions are allocated to the Investment Fund BM&FBOVESPA Clearinghouse Liquidity (“FILCB”), which is formally constituted as an investment fund, under the provisions of the applicable legislation, administered, managed and guarded by Banco B3.
- (iii) *Fundo de Liquidação de Operações de Câmbio* (“FLOC”), composed of collaterals transferred by foreign exchange clearinghouse participants and B3 funds, intended to guarantee the proper settlement of transactions.

FLI and FLOC are broken down as follows:

Description	06/30/2020		
	Clearing BM&FBOVESPA	Foreign exchange clearing	Special Equity - Clearinghouse and custody
Federal government securities	-	362,187	-
Federal government securities of B3	-	135,159	-
Share investment fund (FILCB) of B3	681,240	-	-
Share investment fund (FILCB)	815,433	-	-
Cash amounts deposited	-	200	-
Amounts deposited	1,496,673	497,546	-
Amounts required from participants	751,207	116,700	-
Amounts required from B3	660,886	116,700	-
Value in excess of the minimum required	84,580	264,146	-
Special Equity (1)	174,886	83,253	85,234

Description	12/31/2019		
	Clearing BM&FBOVESPA	Foreign exchange clearing	Special Equity - Clearinghouse and custody
Federal government securities	-	277,022	-
Federal government securities of B3	-	132,745	-
Share investment fund (FILCB) of B3	671,456	-	-
Share investment fund (FILCB)	799,486	-	-
Cash amounts deposited	-	200	-
Amounts deposited	1,470,942	409,967	-
Amounts required from participants	720,925	117,350	-
Amounts required from B3	636,111	117,350	-
Value in excess of the minimum required	113,906	175,267	-
Special Equity (1)	168,920	81,779	83,727

(1) *Patrimônio Especial* (Special equity) *Selic das câmaras BM&FBOVESPA, Câmbio and compensação and custódia*, in compliance with the provisions of article 5 of Law 10214 of March 27, 2001 and article 19 of Bacen circular No. 3057 of August 31, 2001, B3 maintain in federal government securities.

- (iv) Cash of B3 dedicated to BM&FBOVESPA clearinghouse: portion of B3 equity, formally and exclusively dedicated to the clearinghouse - used by BM&FBOVESPA clearinghouse for the treatment of a failure in the settlement window, ensuring the necessary resources to fulfill its payment obligations to creditor clearing members.

Breakdown	06/30/2020	12/31/2019
Federal government securities	1,237,238	1,289,566
Amounts deposited	1,237,238	1,289,566
Amounts required of B3	1,200,000	1,200,000
Amount in excess of the minimum required	37,238	89,566

- (v) IPO/GG3 guarantees: funds deposited by participants or clients of brokerage firms to cover the Initial Public Offering (CVM Instruction No. 400 and No. 476), used by BM&FBOVESPA clearinghouse to cover the obligations of debtor members.

Breakdown	06/30/2020	12/31/2019
Cash amounts deposited	287,826	-
Amounts deposited	287,826	-
Amounts required of participant	287,826	-
Amount in excess of the minimum required	-	-

15. Employee benefits

a. Stock Grant - long-term incentive

B3 recognized expenses related to Stock Grant Plan matched against capital reserves in equity, based on the fair value of the share at the grant date of the plans and charges in personnel expenses calculated based on the fair value of the share at June 30, 2020. As shown in the table below:

Description	B3			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Expenses related to granting	(16,282)	(38,826)	(19,785)	(41,588)
Tax expenses	(45,278)	(50,902)	(25,066)	(53,051)
Hedge Instrument Effect - Tax	32,515	24,180	11,615	14,540
Total	(29,045)	(65,548)	(33,236)	(80,099)

Description	Consolidated			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Expenses related to granting	(17,635)	(41,746)	(20,581)	(42,511)
Tax expenses	(47,011)	(52,977)	(25,366)	(53,378)
Hedge Instrument Effect - Tax	32,515	24,180	11,615	14,540
Total	(32,131)	(70,543)	(34,332)	(81,349)

B3 will record the expenses relating to the Stock Grant Program which were granted for replacement of unvested options of the Stock Option Plan, for the same fair value of options previously granted, in accordance with CPC 10 (R1)/IFRS 2.

Effects arising from transfer of shares

At June 30, 2020, the cost of shares transferred related to the grants of the Stock Grant Plan amounted to R\$71,771 (R\$36,887 at June 30, 2019).

Pricing model

For options granted under the Stock Grant Plan, the fair value corresponds to the option closing price on the grant date.

For the case of cash-settled share-based compensation programs, the fair value payable to executive officers is recognized as an expense with the corresponding increase in liabilities for the period in which executive officers acquire the right to receive. The liability is measured again at each balance sheet date and on the settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in the statement.

Stock Grant – Summary/changes

Conversion / Grant Date	Vesting period up to (*)	Fair value of shares on the grant date (R\$ per share)	Number of shares at 12/31/2019	Changes in the period			Outstanding share contracts at 06/30/2020	Dilution percentage (1)
				New programs	Performed	Canceled		
01/08/16	01/13/20	10.52	520,044	-	(517,193)	(2,851)	-	0.00%
01/06/17	01/15/20	17.05	561,986	-	(560,227)	(1,759)	-	0.00%
01/06/17	01/15/21	17.05	372,684	-	(14,503)	(7,157)	351,024	0.02%
03/29/17	03/30/20	19.35	302,325	-	(302,325)	-	-	0.00%
03/29/17	03/29/21	19.35	302,326	-	-	-	302,326	0.01%
03/29/17	01/10/20	19.35	718,475	-	(718,475)	-	-	0.00%
03/29/17	01/10/21	19.35	718,475	-	-	-	718,475	0.04%
11/13/17	11/13/20	22.70	117,606	-	(4,184)	(12,994)	100,428	0.00%
11/13/17	11/15/21	22.70	117,602	-	(3,137)	(14,041)	100,424	0.00%
01/08/18	01/15/20	23.90	688,191	-	(683,038)	(5,153)	-	0.00%
01/08/18	01/15/21	23.90	688,191	-	(17,691)	(8,009)	662,491	0.03%
01/08/18	04/30/21	23.90	172,690	-	-	(24,670)	148,020	0.01%
01/08/18	01/14/22	23.90	332,111	-	(7,113)	(7,395)	317,603	0.02%
01/08/19	01/15/20	27.88	653,290	-	(648,616)	(4,559)	115	0.00%
01/08/19	01/15/21	27.88	653,290	-	(6,984)	(9,615)	636,691	0.03%
01/08/19	01/17/22	27.88	653,290	-	(4,743)	(11,646)	636,901	0.03%
01/08/19	01/16/23	27.88	653,290	-	(3,623)	(12,661)	637,006	0.03%
01/08/19	04/30/21	27.88	159,408	-	-	-	159,408	0.01%
01/08/20	01/15/21	44.67	-	458,362	(108)	(34,189)	424,065	0.02%
01/08/20	01/14/22	44.67	-	458,362	(54)	(34,950)	423,358	0.02%
01/08/20	01/13/23	44.67	-	458,362	(36)	(34,967)	423,359	0.02%
01/08/20	01/15/24	44.67	-	458,362	(27)	(34,976)	423,359	0.02%
01/08/20	04/30/22	44.67	-	51,393	-	-	51,393	0.00%
04/30/20	04/30/23	33.90	-	57,641	-	-	57,641	0.00%
8,385,274				1,942,482	(3,492,077)	(261,592)	6,574,087	0.31%

(*) The outstanding shares for plans already ended will still be transferred.

(1) The number of outstanding shares at June 30, 2020 is 2,043,626,956.

b. Supplementary pension plan

Due to merger of CETIP, B3 sponsors two private pension plans (Plano B3 (formerly named Plano BM&FBOVESPA) managed by Mercaprev and Plano CETIP managed by Itaú Fundo Multipatrocinado (IFM)) structured under the defined contribution type. After the merger date, new members are only allowed in Plano B3. On January 02, 2020, management of Plano B3 was transferred to IFM. After such transfer, the two plans maintained by B3 are managed by IFM.

16. Income tax and social contribution

a. Deferred income tax and social contribution - Changes

The balances of and changes in deferred income and social contribution taxes recognized are as follows:

Description	B3			
	12/31/2019	(Debt) credit in the income statement	(Debt) credit in the statement of comprehensive income	06/30/2020
Deferred assets				
Tax, civil and labor contingencies	299,678	22,598	-	322,276
Tax loss carryforwards	677,751	(102,655)	-	575,096
Fair Value hedge – derivatives	150,380	300,737	-	451,117
Stock grant plan – Long-term incentive	89,365	(22,745)	-	66,620
Profit sharing	53,055	(26,542)	-	26,513
Amortization/depreciation of surplus value	46,815	(3,193)	-	43,622
Exchange Variation	113,391	232,229	-	345,620
Other temporary differences	134,396	(6,578)	(6,098)	121,720
Total deferred tax assets	1,564,831	393,851	(6,098)	1,952,584
Deferred tax liabilities				
Goodwill amortization (1)	(5,104,365)	(239,255)	-	(5,343,620)
Market to market - Financial instruments	(153,999)	(312,812)	8,846	(457,965)
Other temporary differences	(87,856)	(34,179)	(14,025)	(136,060)
Total deferred tax liabilities	(5,346,220)	(586,246)	(5,179)	(5,937,645)
Deferred taxes, net	(3,781,389)	(192,395)	(11,277)	(3,985,061)

Description	Consolidated				
	12/31/2019	(Debt) credit in the income statement	(Debt) credit in the statement of comprehensive income	Acquisition of subsidiary	06/30/2020
Deferred assets					
Tax, civil and labor contingencies	299,817	22,614	-	-	322,431
Tax loss carryforwards	680,964	(100,910)	-	-	580,054
Fair Value hedge – derivatives	150,380	300,738	-	-	451,118
Stock grant plan – Long-term incentive	91,634	(21,154)	-	-	70,480
Profit sharing	53,775	(26,659)	-	-	27,116
Amortization/depreciation of surplus value	46,815	(3,193)	-	-	43,622
Exchange Variation	113,397	232,231	-	-	345,628
Other temporary differences	134,606	(6,447)	(6,098)	-	122,061
Total deferred tax assets	1,571,388	397,220	(6,098)	-	1,962,510
Deferred tax liabilities					
Goodwill amortization (1)	(5,104,365)	(239,255)	-	-	(5,343,620)
Market to market - Financial instruments	(154,008)	(312,812)	8,860	-	(457,960)
Other temporary differences	(101,403)	(34,189)	(14,026)	(19)	(149,637)
Total deferred tax liabilities	(5,359,776)	(586,256)	(5,166)	(19)	(5,951,217)
Deferred taxes, net	(3,788,388)	(189,036)	(11,264)	(19)	(3,988,707)

(1) Deferred income and social contribution tax liabilities arising from temporary difference between the goodwill tax base and it is carrying amount in the statement of financial position, given that goodwill continues to be amortized for tax purposes, but is no longer amortized as of January 1, 2009 in accounting records, resulting in a tax base lower than the goodwill carrying amount. This temporary difference may result in amounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or settled, thus requiring the recognition of a deferred tax liability.

b. Estimated realization period

Deferred tax assets arising from temporary differences are recorded in the books taking into consideration their probable realization, based on projections of future results prepared based on internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

The estimated realization of tax credits and provision for deferred taxes and contributions as at June 30, 2020 are as follows:

	Temporary differences	Income tax and social contribution losses	Total	Provision for deferred taxes and contributions	Total deferred, net
2020	591,478	-	591,478	(876)	590,602
2021	82,438	59,793	142,231	(1,737)	140,494
2022	33,735	237,341	271,076	(1,718)	269,358
2023	319,721	269,379	589,100	(1,713)	587,387
2024	6,030	13,541	19,571	(856)	18,715
2025	560	-	560	-	560
From 2027 onwards	348,494	-	348,494	(600,697)	(252,203)
Goodwill (1)	-	-	-	(5,343,620)	(5,343,620)
Total	1,382,456	580,054	1,962,510	(5,951,217)	(3,988,707)

(1) Deferred tax liabilities arising from goodwill will be realized when the difference between the tax base of goodwill and its carrying amount is reversed, in whole or in part, by the asset impairment, disposal, or as a result of provisions set up for tax proceedings. The proceedings currently assessed as possible risk of loss discuss amortization, for tax purposes, of the goodwill arising from merger of the shares of Bovespa Holding S.A. in May 2008 (Note 11(f)).

Since the income tax and social contribution base arises not only from the profit that may be generated, but also from the existence of nontaxable income, nondeductible expenses, tax incentives and other variables, there is no immediate correlation between B3's net income and the income (loss) subject to income tax and social contribution. As such, expected use of tax credits should not be regarded as the sole evidence of B3's future P&L.

At June 30, 2020, the balance of goodwill that is deductible for income tax and social contribution purposes is R\$2,814,770 (R\$3,518,464 at December 31, 2019).

c. Conciliation of income tax and social contribution expense

Conciliation of the income tax and social contribution amounts recorded in P&L (B3 and consolidated) and their respective amounts at statutory rates is as under:

Description	B3			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Income before income tax and social contribution	1,158,802	2,347,906	790,563	1,518,474
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	(393,993)	(798,288)	(268,791)	(516,281)
Adjustments:	127,579	368,322	132,997	258,774
Dividends and interest on equity	106,928	206,644	137,249	271,549
Exchange rate variation on foreign investment	32,602	169,925	(7,381)	(4,875)
Effect of taxes on income abroad	2,635	5,059	2,214	4,483
Equity pickup	2,539	5,197	4,607	9,567
Other	(17,125)	(18,503)	(3,692)	(21,950)
Income tax and social contribution	(266,414)	(429,966)	(135,794)	(257,507)
Effective rate	22.99%	18.31%	17.18%	16.96%



Description	Consolidated			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Income before income tax and social contribution	1,164,133	2,359,040	797,619	1,533,145
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	(395,805)	(802,074)	(271,190)	(521,269)
Adjustments:	123,431	359,914	128,121	248,791
Dividends and interest on equity	106,928	206,644	137,249	271,549
Exchange rate variation on foreign investment	32,602	169,925	(7,381)	(4,875)
Effect of taxes on income abroad	2,635	5,059	2,214	4,483
Equity pickup	198	109	167	675
Other	(18,932)	(21,823)	(4,128)	(23,041)
Income tax and social contribution	(272,374)	(442,160)	(143,069)	(272,478)
Effective rate	23.40%	18.74%	17.94%	17.77%

d. Taxes to be offset and recoverable

Taxes to be offset and recoverable are as follows:

Description	B3		Consolidated	
	06/30/2020	12/31/2019	06/30/2020	12/31/2019
Income tax and social contribution on the profit to be offset	447,225	258,143	450,783	260,751
PIS and Cofins to be offset	43,726	37,896	45,744	39,491
Sundry taxes	102,345	168,680	127,441	181,235
Total	593,296	464,719	623,968	481,477

17. Revenues

Description	2020		B3 2019	
	2Q	Accumulated	2Q	Accumulated
	Gross revenue	2,091,916	4,180,421	1,550,657
Listed	1,512,059	3,017,847	1,016,816	1,971,945
Cash equities and equities instruments	994,883	2,048,335	637,104	1,266,951
Trading and post-Trading	893,887	1,818,581	542,641	1,081,249
Depository	40,257	88,699	29,582	66,439
Securities lending	41,700	89,163	37,431	71,639
Listing and services for issuers	19,039	51,892	27,450	47,624
Interest Rates BRL, FX and commodities	517,176	969,512	379,712	704,994
Trading and post-trading	517,176	969,512	379,712	704,994
OTC	262,784	508,289	218,566	459,291
Fixed income	161,763	306,976	131,328	288,097
Derivatives	63,029	125,908	47,760	92,003
Other	37,992	75,405	39,478	79,191
Infrastructure for financing	58,439	141,075	151,046	292,244
Technology, data and service	258,634	513,210	164,229	333,232
Technology and access	173,133	348,559	107,176	214,682
Data and analytics	61,901	108,473	42,663	85,543
Other	23,600	56,178	14,390	33,007
Revenue deductions	(217,581)	(434,910)	(156,967)	(308,996)
PIS and Cofins	(183,107)	(365,918)	(130,919)	(257,723)
Service tax	(34,474)	(68,992)	(26,048)	(51,273)
Net revenues	1,874,335	3,745,511	1,393,690	2,747,716

Description	Consolidated			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Gross revenue	2,129,064	4,254,226	1,579,871	3,111,740
Listed	1,512,047	3,017,820	1,016,811	1,971,932
Cash equities and equities instruments	994,883	2,048,335	637,104	1,266,951
Trading and post-Trading	893,887	1,818,581	542,641	1,081,249
Depository	40,257	88,699	29,582	66,439
Securities lending	41,700	89,163	37,431	71,639
Listing and services for issuers	19,039	51,892	27,450	47,624
Interest Rates BRL, FX and commodities	517,164	969,485	379,707	704,981
Trading and post-trading	517,164	969,485	379,707	704,981
OTC	262,784	508,289	218,566	459,291
Fixed income	161,763	306,976	131,328	288,097
Derivatives	63,029	125,908	47,760	92,003
Other	37,992	75,405	39,478	79,191
Infrastructure for financing	78,639	182,906	163,176	315,299
Technology, data and service	275,594	545,211	181,318	365,218
Technology and access	178,034	356,257	109,329	217,355
Data and analytics	63,308	110,660	44,449	87,365
Bank B3	11,809	23,737	11,531	23,612
Other	22,443	54,557	16,009	36,886
Revenue deductions	(220,732)	(440,693)	(158,792)	(312,419)
PIS and Cofins	(185,288)	(369,821)	(132,137)	(260,068)
Service tax	(35,444)	(70,872)	(26,655)	(52,351)
Net revenues	1,908,332	3,813,533	1,421,079	2,799,321

18. Sundry expenses

Description	2020		B3 2019	
	2Q	Accumulated	2Q	Accumulated
Sundry provisions (1)	(130,601)	(108,640)	(47,865)	(95,700)
Electricity, water and sewage	(3,640)	(7,774)	(4,350)	(8,636)
Contributions and donations	(4,767)	(7,362)	(679)	(945)
Communications	(861)	(1,264)	(704)	(1,400)
Travels	(266)	(1,254)	(2,476)	(2,754)
Other	(11,228)	(15,129)	(5,680)	(9,852)
Total	(151,363)	(141,423)	(61,754)	(119,287)

Description	2020		Consolidated 2019	
	2Q	Accumulated	2Q	Accumulated
Sundry provisions (1)	(131,138)	(109,434)	(47,967)	(95,994)
Electricity, water and sewage	(3,704)	(7,920)	(4,401)	(8,758)
Contributions and donations	(4,805)	(7,441)	(688)	(1,013)
Communications	(1,272)	(2,031)	(784)	(1,498)
Travels	(272)	(1,381)	(2,655)	(3,033)
Other	(9,874)	(13,802)	(4,799)	(8,556)
Total	(151,065)	(142,009)	(61,294)	(118,852)

(1) These refer substantially to provisions for tax, civil and labor contingencies and provision for attorneys' success fees (Note 11). A significant amount of the provision for civil contingencies includes the change in the price of B3-issued shares.

19. Financial result

Description	B3			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Financial income				
Revenue from financial assets measured at fair value	68,436	176,294	128,264	235,487
Other financial revenues	8,811	22,005	10,798	19,033
Dividends on shares abroad	14,494	14,776	13,674	13,887
(-) PIS and Cofins on financial revenues	(3,725)	(9,017)	(5,794)	(12,511)
	88,016	204,058	146,942	255,896
Financial expenses				
Interest on debt abroad	(56,822)	(109,215)	(38,222)	(73,404)
<i>Hedge instrument</i>	17,447	27,251	(14,222)	(29,341)
Funding interest - Debentures	(9,274)	(21,976)	(36,061)	(60,519)
Funding interest - Loans and Financing	(26,365)	(59,330)	(19,160)	(39,056)
Other financial expenses	(5,248)	(15,328)	(5,966)	(9,479)
	(80,262)	(178,598)	(113,631)	(211,799)
Foreign exchange rate, net	(131,077)	(680,470)	29,572	17,643
Financial result	(123,323)	(655,010)	62,883	61,740

Description	Consolidated			
	2020		2019	
	2Q	Accumulated	2Q	Accumulated
Financial income				
Revenue from financial assets measured at fair value	69,752	179,287	130,439	239,807
Other financial revenues	8,826	22,285	10,879	19,170
Dividends on shares abroad	14,494	14,776	13,674	13,887
(-) PIS and Cofins on financial revenues	(3,748)	(9,069)	(5,827)	(12,575)
	89,324	207,279	149,165	260,289
Financial expenses				
Interest on debt abroad	(56,822)	(109,215)	(38,222)	(73,404)
<i>Hedge instrument</i>	17,447	27,251	(14,222)	(29,341)
Funding interest - Debentures	(9,274)	(21,976)	(36,061)	(60,519)
Funding interest - Loans and Financing	(8,232)	(15,512)	(7,087)	(13,723)
Other financial expenses	(5,360)	(15,667)	(6,756)	(11,048)
	(62,241)	(135,119)	(102,348)	(188,035)
Foreign exchange rate, net	(38,492)	(195,792)	8,780	4,124
Financial result	(11,409)	(123,632)	55,597	76,378

20. Segment information

Consolidated information based on reports used by the Executive Board for making decisions, comprising the following segments: Listed, OTC, Infrastructure for Financing and Technology, Data and Services. Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support decision-making.

Description					June 30, 2020 Consolidated
	Listed	OTC	Infrastructure for financing	Technology, data and service	Total
Net revenue	2,676,178	456,403	169,569	511,383	3,813,533
Adjusted operating expense	(297,505)	(103,085)	(86,333)	(143,785)	(630,708)
Long-Term Incentive	(33,537)	(9,748)	(7,636)	(26,341)	(77,262)
Other provisions	(87,287)	(12,804)	(2,520)	(14,461)	(117,072)
	2,257,849	330,766	73,080	326,796	2,988,491
Depreciation and amortization					(506,140)
Equity pick-up					321
Financial result					(123,632)
Income tax and social contribution					(442,160)
Net income for the period					1,916,880

Description					June 30, 2019 Consolidated
	Listed	OTC	Infrastructure for financing	Technology, data and service	Total
Net revenue	1,766,650	405,342	295,436	331,893	2,799,321
Adjusted operating expense	(283,618)	(94,633)	(184,484)	(78,995)	(641,730)
Long-Term Incentive	(44,357)	(12,707)	(5,596)	(27,815)	(90,475)
Other provisions	(66,171)	(14,250)	(4,395)	(12,384)	(97,200)
	1,372,504	283,752	100,961	212,699	1,969,916
Depreciation and amortization					(515,135)
Equity pick-up					1,986
Financial result					76,378
Income tax and social contribution					(272,478)
Net income for the period					1,260,667



21. Other information

- a. The balance of salary obligations and social charges in the consolidated refers mainly to the profit sharing (PLR) at June 30, 2020 - R\$88,534 (R\$176,237 at December 31, 2019); long-term incentive programs settled in cash (Matching) - R\$7,828 (R\$12,251 at December 31, 2019); charges on long-term incentive programs - R\$103,759 (R\$123,893 at December 31, 2019) and vacation - R\$74,742 (R\$ 58,131 at December 31, 2019).
- b. At June 30, 2020, the balance of taxes and contributions payable in the consolidated mainly refers to federal taxes and contributions - R\$354,083 (R\$235,948 at December 31, 2019) and withholding taxes and contributions payable - R\$48,818 (R\$67,393 at December 31, 2019).
- c. The balance of earnings and rights on securities under custody refers to dividends and interest on equity received from publicly-held companies to be transferred to custodian agents and by them to their customers, who hold ownership of the shares of these publicly-held companies at June 30, 2020, totaling R\$73,243 (R\$69,897 at December 31, 2019).
- d. B3 seeks in the market support from insurance advisors to establish insurance coverage compatible with its size and operations. The maximum insurance coverage taken out at June 30, 2020, according to insurance policies, is as follows:

Insurance line	Maximum indemnity
Amounts at risk, property damages, buildings and equipment	223,810
Civil liability	415,000
Guarantee (1)	5,163,873
Works of art	1,090
Total	<u>5,803,773</u>

(1) This refers to the provision of collateral to obtain the suspension of the tax debt enforceability (Note 11(f)).

22. Subsequent event

On August 13, 2020, the Board of Directors approved the third issue of simple unsecured non-convertible debentures from B3, in a single series, in the total amount of R\$3,550,000, the net proceeds from the issuance will be used in the normal course of its business.

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