4Q18 Earnings Presentation

February 22th, 2018

PUBLIC INFORMATION

Forward Looking Statements

This presentation may contain certain statements that express the management's expectations, beliefs and assumptions about future events or results. Such statements are not historical fact, being based on currently available competitive, financial and economic data, and on current projections about the industries B3 works in.

The verbs "anticipate," "believe," "estimate," "expect," "forecast," "plan," "predict," "project," "target" and other similar verbs are intended to identify these forward-looking statements, which involve risks and uncertainties that could cause actual results to differ materially from those projected in this presentation and do not guarantee any future B3 performance.

The factors that might affect performance include, but are not limited to: (i) market acceptance of B3 services; (ii) volatility related to (a) the Brazilian economy and securities markets and (b) the highly-competitive industries in which B3 operates; (iii) changes in (a) domestic and foreign legislation and taxation and (b) government policies related to the financial and securities markets; (iv) increasing competition from new entrants to the Brazilian markets; (v) ability to keep up with rapid changes in technological environment, including the implementation of enhanced functionality demanded by B3 customers; (vi) ability to maintain an ongoing process for introducing competitive new products and services, while maintaining the competitiveness of existing ones; (vii) ability to attract new customers in domestic and foreign jurisdictions; (viii) ability to expand the offer of B3 products in foreign jurisdictions.

All forward-looking statements in this presentation are based on information and data available as of the date they were made, and B3 undertakes no obligation to update them in light of new information or future development.

This presentation does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities where such offer or sale would be unlawful prior to registration or qualification under the securities law. No offering shall be made except by means of a prospectus meeting the requirements of the Brazilian Securities Commission CVM Instruction 400 of 2003, as amended.

2018 | YEAR SUMMARY

BUSINESS ENVIROMENT

LOWER INTEREST RATES[1]

DEC/17 **7.0%**

DEC/18 **6.5%**

SIGNS OF ECONOMIC RECOVERY

+2.5% GDP GROWTH EXPECTED FOR 2019 E 2020[2]

CAPITAL MARKET DEVELOPMENT

-64%[3]

REDUCTION IN BNDES LENDING COMPARED TO 2014

+31%[4]

INCREASE IN INDIVIDUAL INVESTORS IN EQUITY

IBOVESPA **+15%**[4]

B3 OPERATING FIGURES 2018 vs 2017

GROWTH IN CLIENTS' BUSINESS IN DIFFERENT MARKETS

+41.1% EQUITIES ADTV

+20.8% LISTED DERIVATIVES ADV

+22.0% VOLUMES REGISTERED IN THE SECURITIES SEGMENT

+7.5% NUMBER OF VEHICLES FINANCED

B3 DELIVERS

PRODUCT ROADMAP

EXPANDING PORTFOLIO AND CLIENT CENTRICITY

STRATEGIC PLAN

FOCUS ON CLIENTS, PRODUCTS AND SERVICES IN THE CORE BUSINESS (POSITION STRENGTHENING AND VALUE MAXIMIZATION)

CULTURE AND PEOPLE

CLIENT CENTRICITY

PROMOTING INNOVATION IN THE COMPANY

ALIGNMENT BETWEEN CORPORATE GOALS AND VALUE DRIVERS

RETURN TO SHAREHOLDERS

R$1.4 BILLION PAID OUT

[1] Selic-target. [2] Boletim Focus from BACEN Feb/19. [3] Source: BNDES (National Developmnet Bank). 2018 vs 2014. [4] Dec/17 vs Dec/18. .

4Q18 and 2018 highlights

Growth of clients' business boosted B3's results

Operational	4Q18	4Q18/4Q17	2018	2018/2017
BM&F Segment				
ADV (mn)	3.7	15.6% ▲	3.7	20.8% ▲
RPC (R$)	1.625	12.3% ▲	1.522	7.3% ▲
Bovespa Segment				
ADTV (R$ bn)	15.7	55.3% ▲	12.3	41.1% ▲
Margin (bps)	4.798	3.2% ▼	4.973	3.4% ▼
Securities Segment				
Value outstanding (daily avg in R$ tri)	7.4	12.4% ▲	7.1	12.0% ▲
Liens and Loans Seg.				
Vehicles financed (mn)	1.5	7.2% ▲	5.5	7.5% ▲
CS[1] market share (%)	56.2	900bps ▼	62.7	1,510bps ▼

Financial (R$ mn)	4Q18	4Q18/4Q17	2018	2018/2017
Net revenue	1,313.5	27.1% ▲	4,831.9	20.6% ▲
Adj. expenses[2]	272.3	4.0% ▼	984.7	1.3% ▲
Recur. EBITDA[2]	913.7	35.8% ▲	3,424.5	28.8% ▲
Recur. EBITDA margin[2]	69.6%	301bps ▲	70.9%	317bps ▲
Financial result	38.1	63.4mi ▲	-53.7	187.9mi ▼
Recur. net income[3]	715.0	12.5% ▲	2,634.5	26.4% ▲

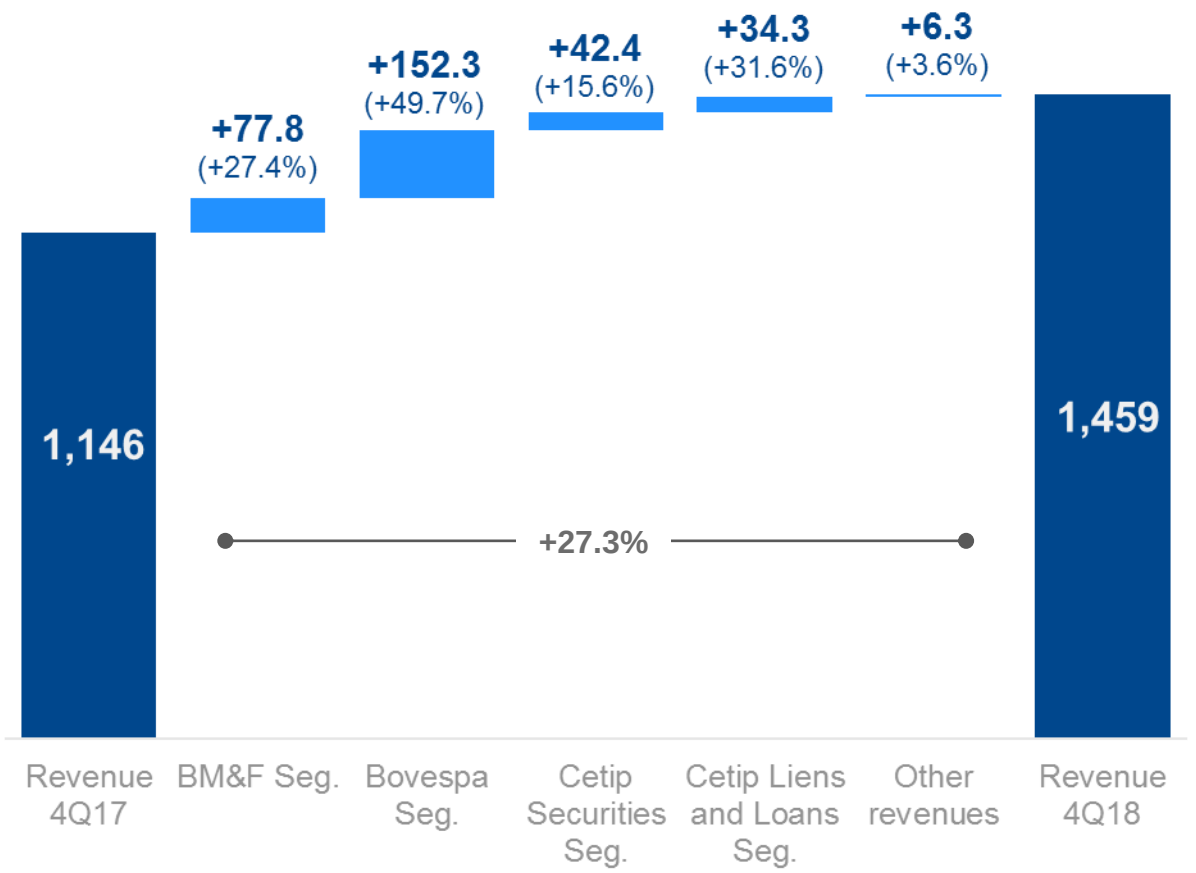
[1] CS stands for Contract System. [2] See reconciliation on slide 19 in the appendix. [3] See reconciliation on slide 20 in the appendix.

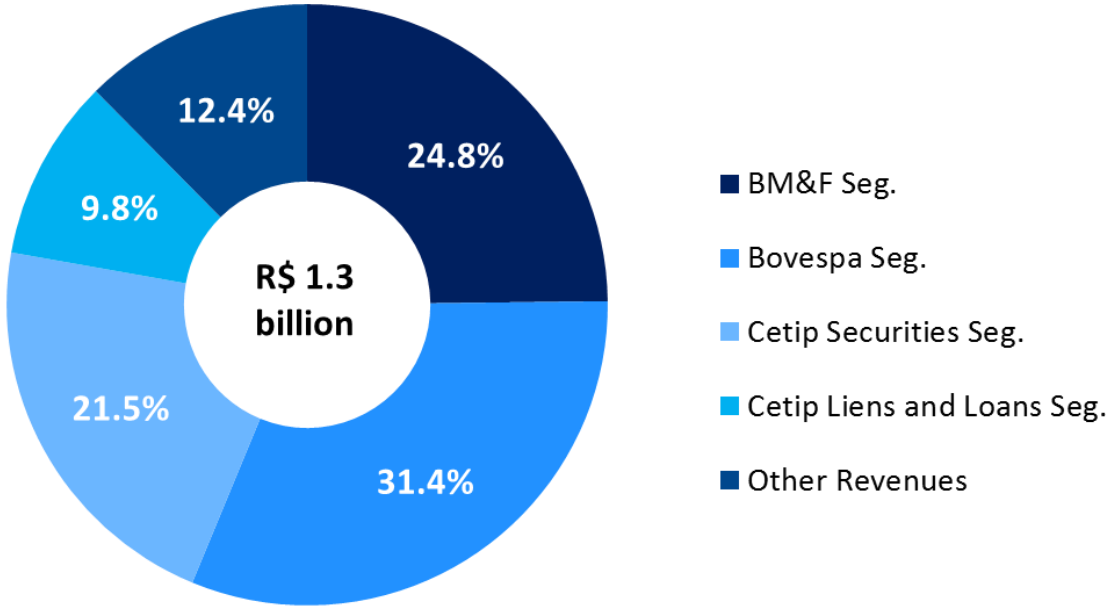
Revenue breakdown – 4Q18

Solid performance in all business segment – well balanced revenue diversification

REVENUE *(in R$ millions / % growth YoY)*

(Combined information; B3)

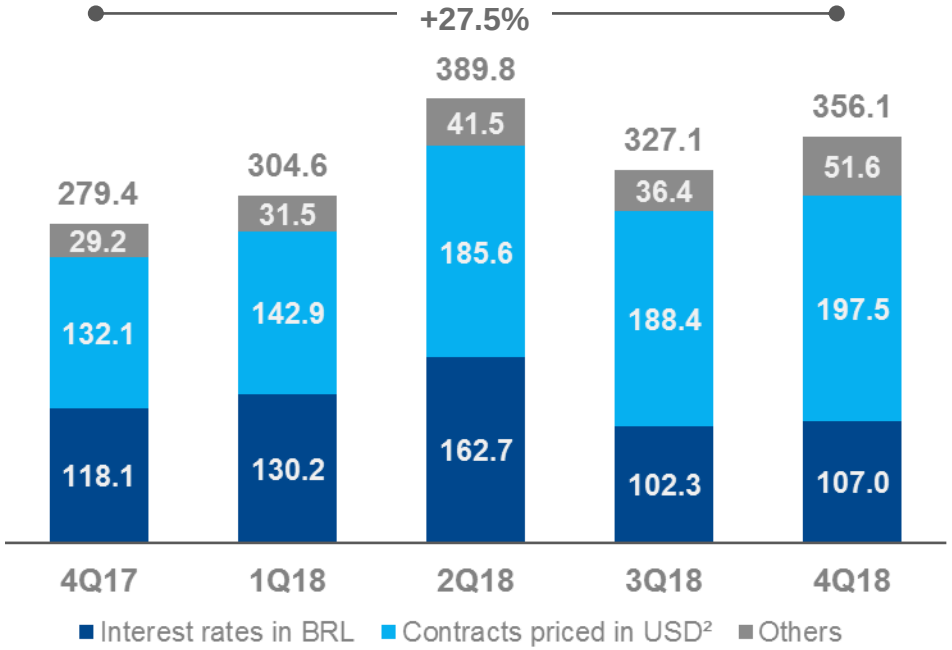




BM&F segment

Growth in volumes and positive impact from FX rate (BRL / USD) depreciation

REVENUE[1] *(in R$ millions)*



ADV[3] *(in thousand of contracts)*

CONTRACTS	4Q17	4Q18	YoY
Interest rates in BRL	1,856.5	1,615.3	-13.0%
FX rates	605.0	766.8	26.7%
Stock indices	471.9	942.4	99.7%
Interest rates in USD	262.4	372.0	41.7%
Commodities	8.7	6.9	-20.7%
TOTAL	**3,204.6**	**3,703.5**	**15.6%**

REVENUE PER CONTRACT[3] *(in R$)*

CONTRACTS	4Q17	4Q18	YoY
Interest rates in BRL	1.078	1.148	6.5%
FX rates	2.924	3.494	19.5%
Stock indices	0.986	0.874	-11.4%
Interest rates in USD	1.446	1.730	19.6%
Commodities	2.249	2.335	3.8%
TOTAL	**1.446**	**1.625**	**12.3%**

4Q18 HIGHLIGHTS

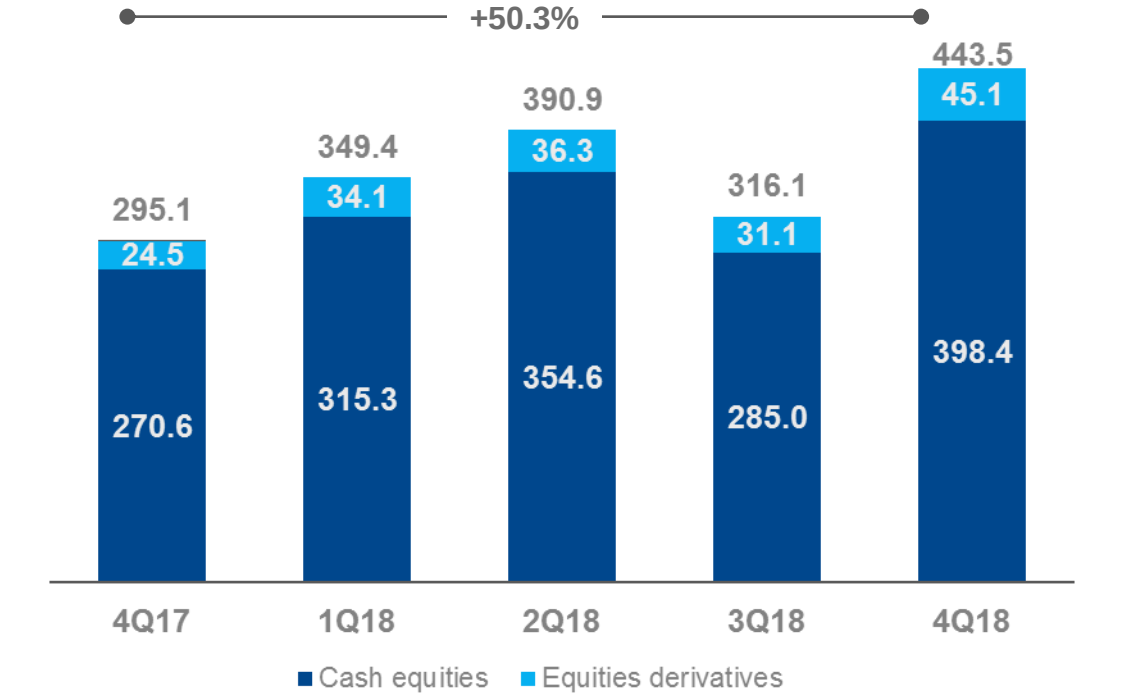
- Growth in stock indices contracts driven by HFTs and individual investors
- US Dollar appreciation versus BRL led to an increase in the RPC of USD-denominated contracts

[1] Revenue does not consider the revenue line "foreign exchange" of the BM&F segment which totaled R$5.8 million in 4Q18. [2] Contracts priced in USD include FX rates, Interest rates in USD and part of Commodities. [3] Mini contracts volume were weighted in the respective standard contracts, impacting volumes and RPC of these contract groups.

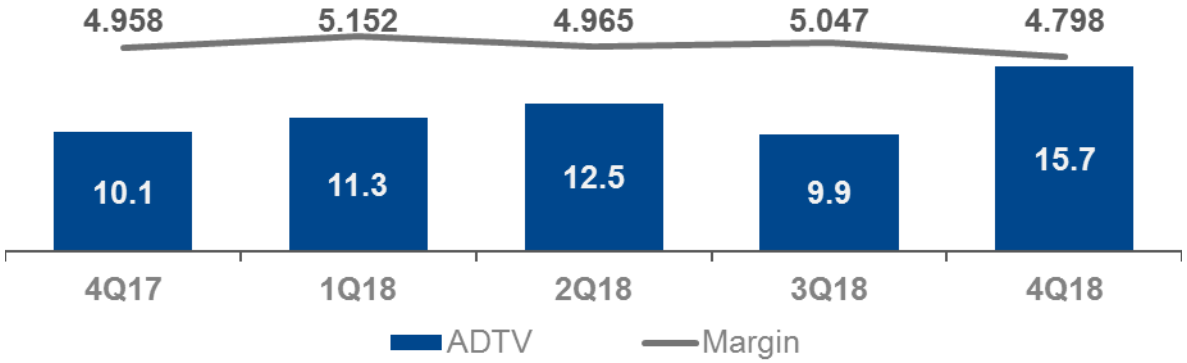
Bovespa segment

Increase in market cap and turnover velocity

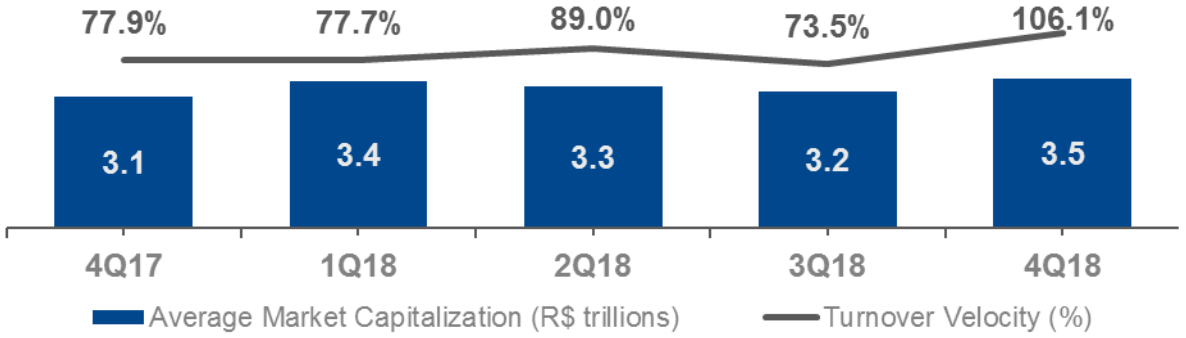
REVENUE[1] *(in R$ millions)*



ADTV *(in R$ billions)* AND MARGIN *(in bps)*



MARKET CAPITALIZATION *(in R$ trillions)* AND TURNOVER VELOCITY *(%)*



4Q18 HIGHLIGHTS

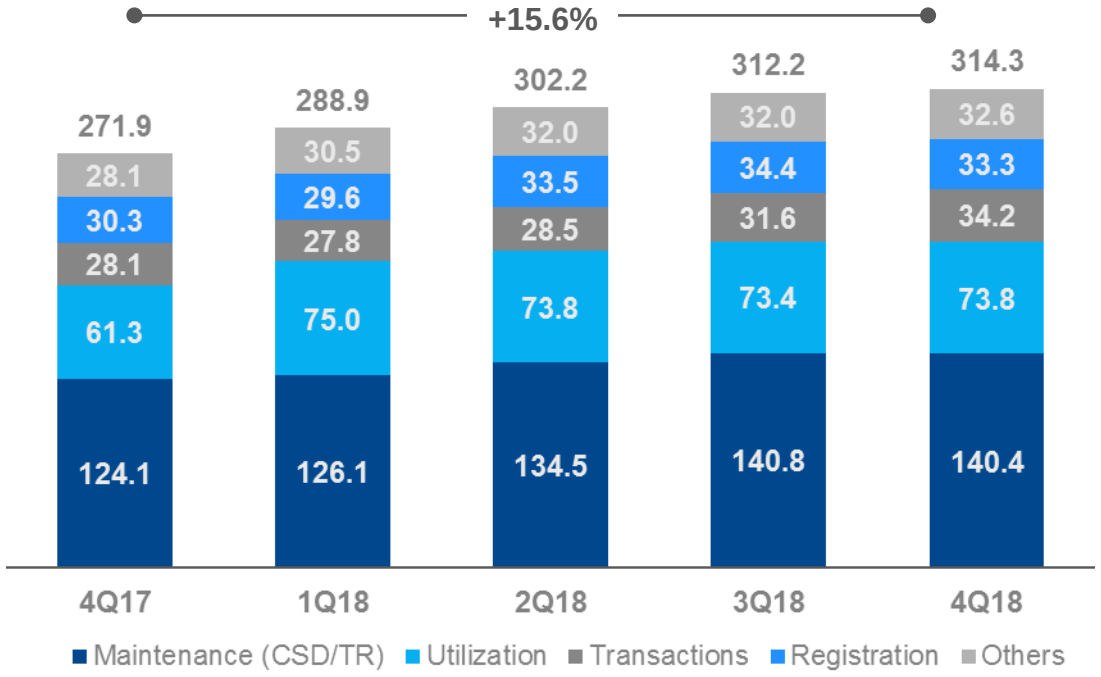
- ADTV growth led by increase in market capitalization and in turnover velocity, which was impacted by election period volatility
- 3.2% margin decrease mainly explained by marginal discounts by volume

[1] Revenue does not consider the revenue line "others" of Bovespa Segment, which totaled R$14.9 million in 4Q18.

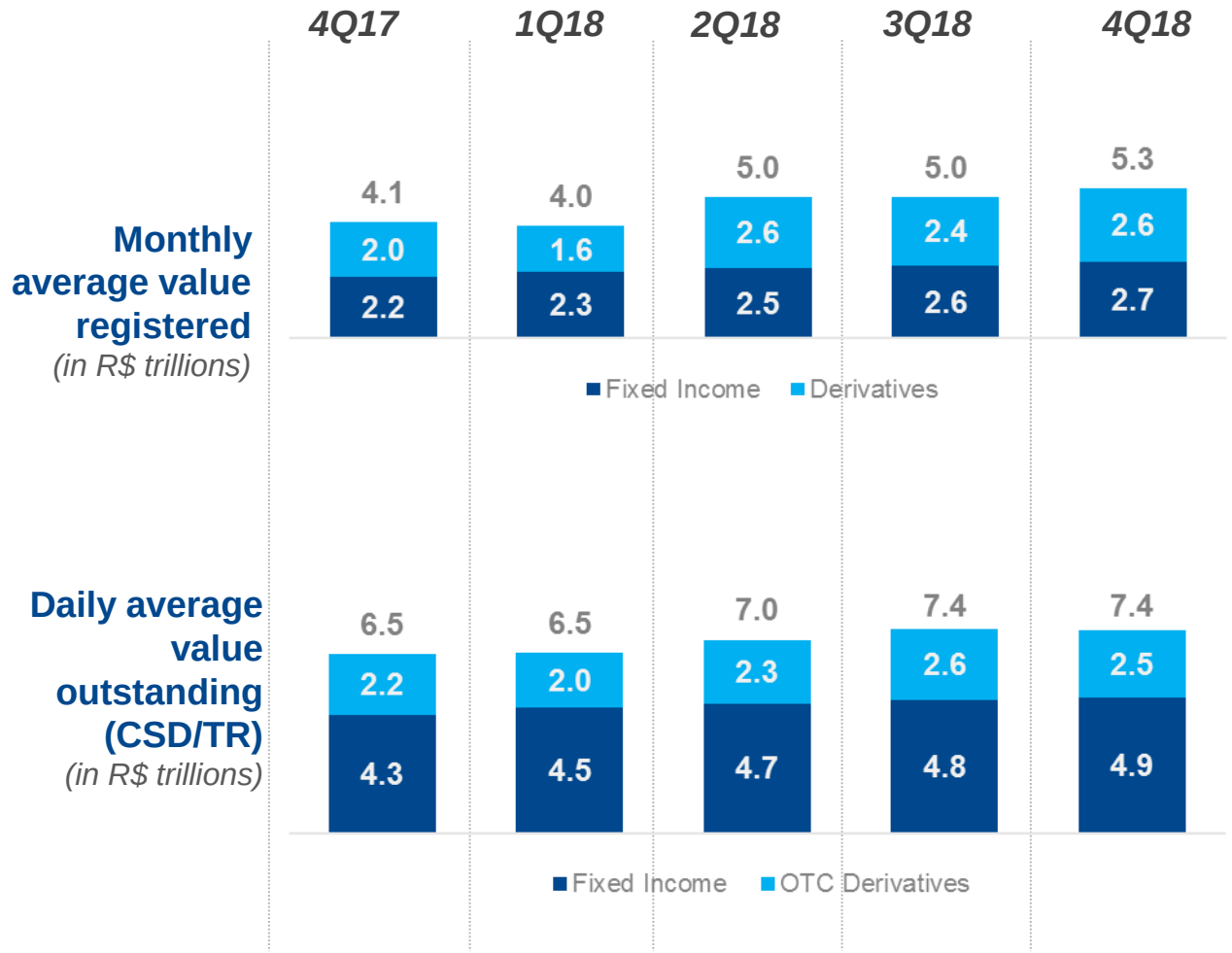
Cetip Securities segment

Growth in fixed income instruments and derivatives under custody

REVENUE *(in R$ millions)*



OPERATIONAL FIGURES



4Q18 HIGHLIGHTS

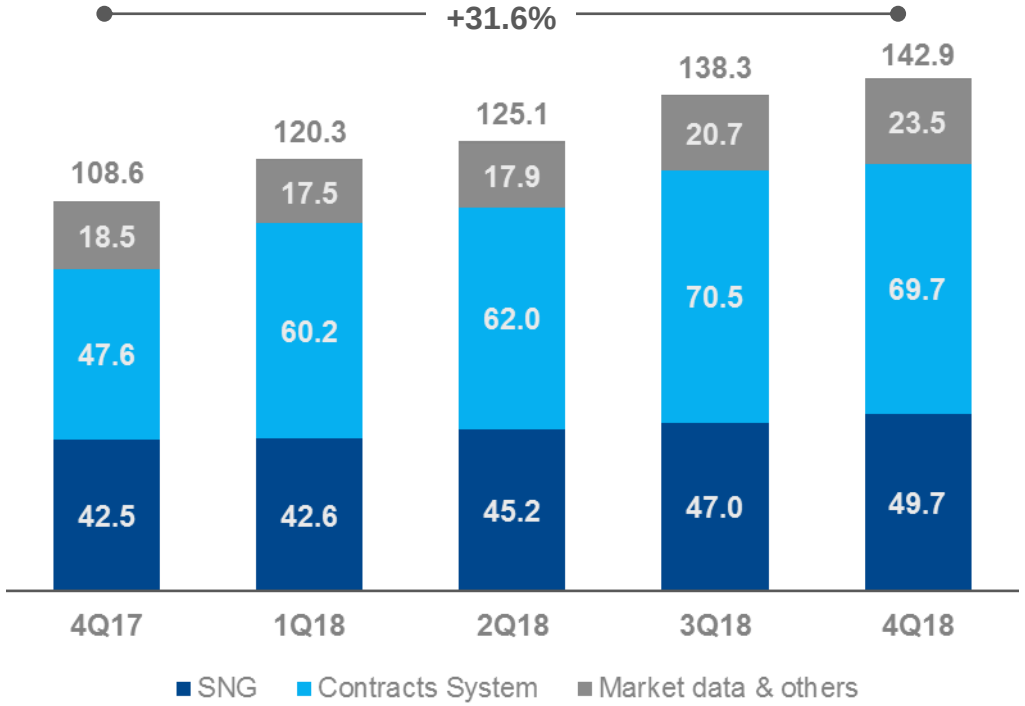
- Value outstanding on which maintenance (CSD/TR) fees apply grew 12.4%
- Sharing expense synergies: full impact of discounts (R$7.9[1] million in the quarter, equivalent to 30% of the synergies captured)

[1]The discounts related to synergies are provisioned on a pro rata basis and the discount is effectively given in April each year.

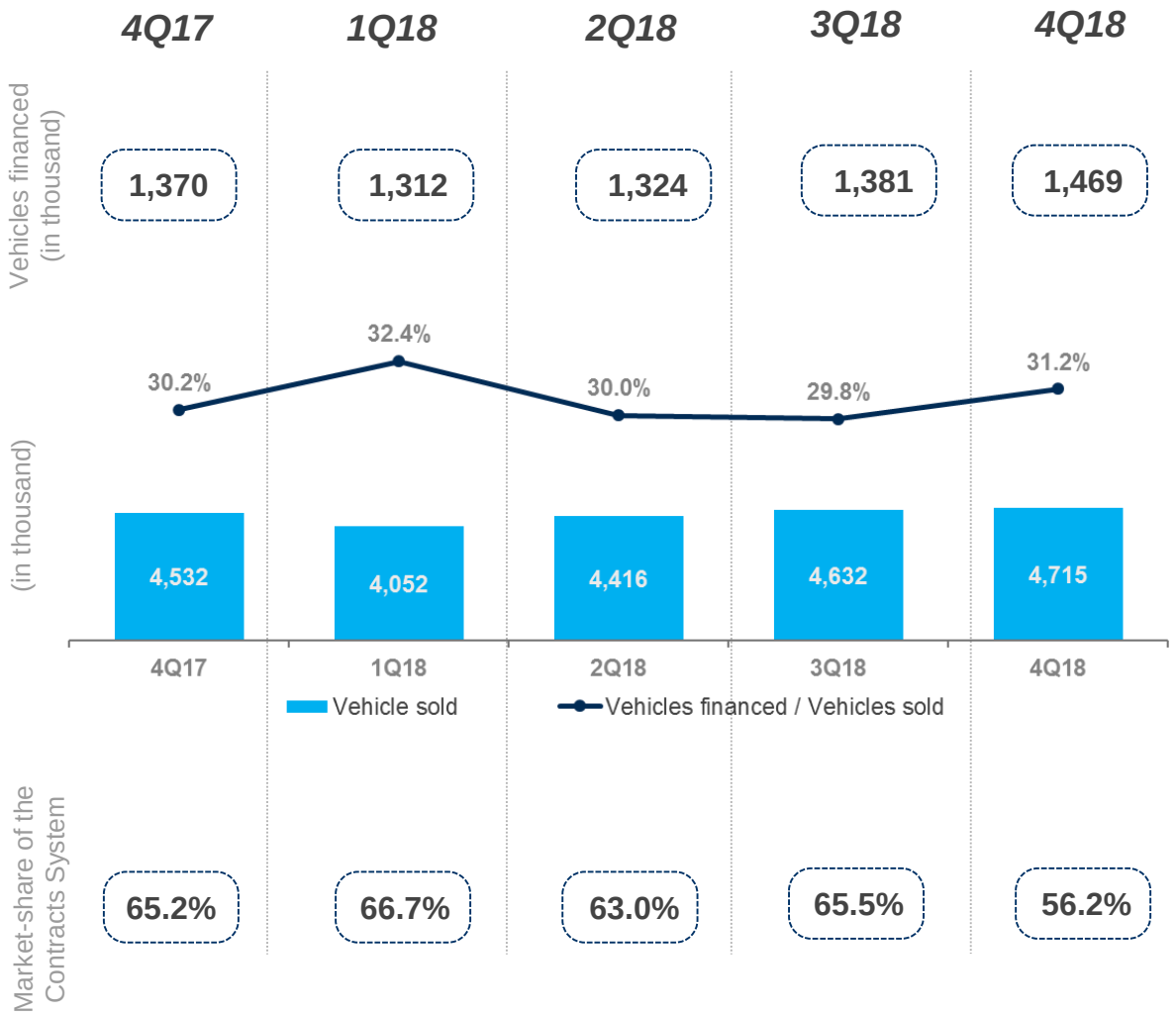
Cetip Liens and Loans segment

Recovery in vehicles' financing activity

REVENUE *(in R$ millions)*



OPERATIONAL FIGURES



4Q18 HIGHLIGHTS

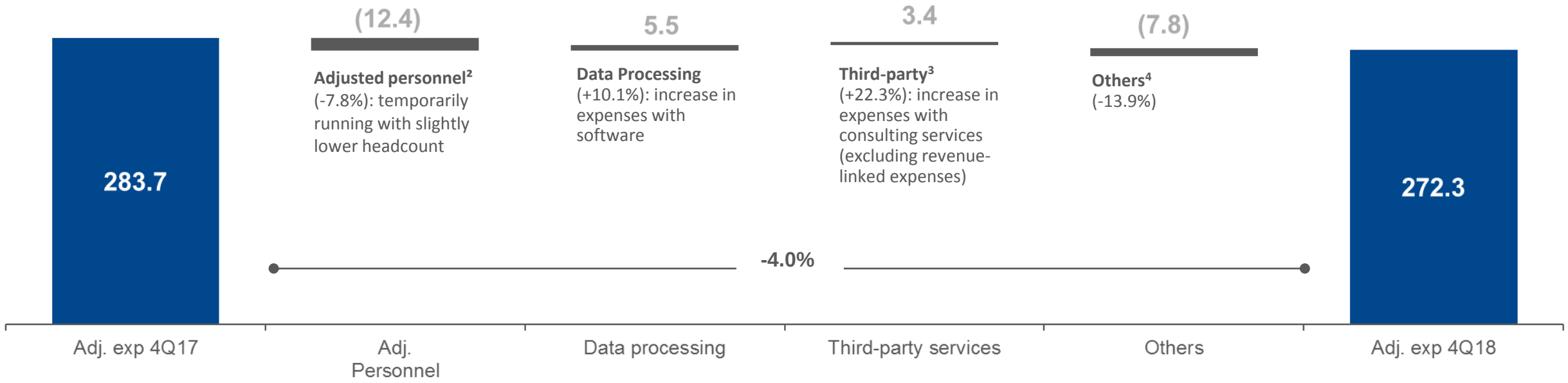
- Changes in the Contracts System
  - Model adopted in the states of São Paulo (Jan'18), Santa Catarina (Apr'18) and Pernambuco (Ago'18) positively impacted revenues (revenue-linked expenses grew more than new revenues as a result of new model)
  - Services interrupted in Minas Gerais state since Sep'17 and Paraná since Oct/18

Adjusted expenses

Continued focus on expense management

ADJUSTED EXPENSES[1] *(in R$ millions / % growth YoY)*

(Combined information; B3)



(in R$ millions and % of total adjusted expenses)

4Q18	146.1 (53.7%)	59.4 (21.8%)	18.5 (6.8%)	48.3 (17.7%)
4Q17	158.5 (55.9%)	53.9 (19.0%)	15.2 (5.3%)	56.0 (19.8%)

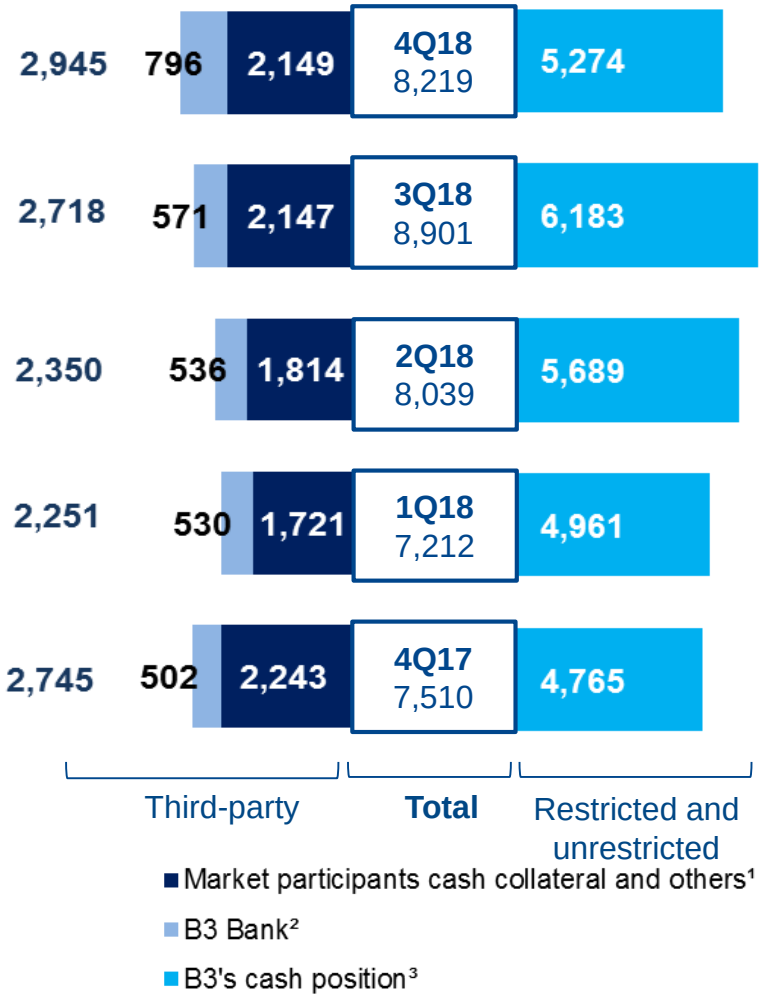
[1] Adjusted to (i) depreciation and amortization; (ii) long-term stock-based compensation (principal + payroll taxes); (iii) integration-related expenses; (iv) provisions and (v) revenue-linked expenses. [2] Excludes the long-term stock-based compensation (principal + payroll taxes). [3] Excludes revenue-linked expenses. [4] Includes expenses with communication, maintenance, taxes, board and committee members compensation and others.

Financial highlights

Solid cash position is required for clearinghouse safeguards

CASH AND FINANCIAL INVESTMENTS *(in R$ millions)*

(B3)



B3's own cash position totaled R$5.3 bn at the end of 4Q18

Solid cash position supports the clearinghouses' activity and general corporate needs

Interest on capital (IoC) payment:

- Cash balance reported on Dec'18 includes R$423 million in IoC already paid in Jan'19

Debt amortization:

- R$ 1.5 billion debt amortization in early Dec'18

Third-party cash

Not considered as B3's own cash

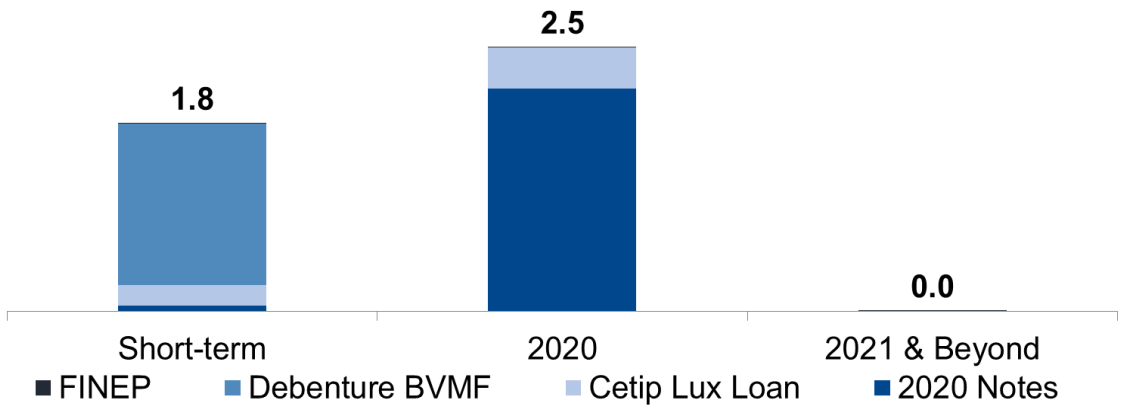
The Company earns interest on most of this cash balance

¹ Includes earnings and rights on securities in custody. ² Includes B3 Bank clients' deposits. ³ Does not include investments in Bolsa Mexicana de Valores, Bolsa de Comercio de Santiago, Bolsa de Valores de Colombia, Bolsa de Valores de Lima and B3 Inova amounting to R$344.2 million at 4Q18 and R$18.5 million in other financial investments.

Financial highlights (cont.)

Targets for debt level and payout ratio reviewed

DEBT AMORTIZATION SCHEDULE *(in R$ billions)*



✓ **R$1.5bn debt amortization in Dec´18**

FINANCIAL LEVERAGE *(in R$ millions)*

(in R$ millions)	4Q18
Gross debt	4,234
Recurring EBITDA (LTM)	3,425
Financial leverage	1.2x

✓ ***The payout ratio* in 2018 was 68.7% of IFRS net income**

Update on indebtedness and *payout targets* for 2019

Financial leverage

1.5x Gross debt / Rec. EBITDA (LTM)

Payout ratio

Between **120% and 150%** of IFRS net income (IoC + dividends + share buyback)

New presentation of business segments in financial reporting

New presentation of revenue segments to be adopted in the financial statements of 1Q19

(In thousands R$, except when indicated)	4Q18	4Q17	4Q18/4Q17 (%)	2018	2017	2018/2017 (%)
Total Revenue	**1,458.6**	**1,145.6**	**27.3%**	**5,351.9**	**4,439.1**	**20.6%**
Listed	**887.3**	**651.8**	**36.1%**	**3,196.0**	**2,484.6**	**28.6%**
Equities	577.4	397.3	45.3%	1,961.6	1,469.0	33.5%
Trading and post-trading	492.0	322.5	52.6%	1,648.3	1,185.9	39.0%
Depository	33.7	27.3	23.4%	122.2	107.2	14.0%
Stock lending	30.3	25.3	20.1%	116.4	100.4	15.9%
Listing and solutions for issuers	21.3	22.3	-4.4%	74.6	75.5	-1.1%
FICC	309.9	254.5	21.8%	1,234.5	1,015.5	21.6%
OTC	**253.2**	**222.9**	**13.6%**	**970.2**	**893.9**	**8.5%**
Fixed income	172.5	154.8	11.4%	658.1	619.1	6.3%
Derivatives	38.8	30.6	26.6%	153.5	128.8	19.2%
Other	41.9	37.5	11.9%	158.6	146.0	8.6%
Infrastructure for financing	**138.0**	**103.5**	**33.3%**	**507.0**	**402.4**	**26.0%**
Tecnology, data and services	**180.1**	**167.3**	**7.7%**	**678.7**	**658.2**	**3.1%**
Access and technology	104.7	91.0	15.0%	412.3	354.6	16.3%
Data and analytics	40.1	32.4	23.8%	151.3	137.4	10.1%
B3 bank	12.2	8.5	43.6%	36.2	37.3	-2.8%
Other	23.1	35.4	-34.7%	79.0	129.0	-38.8%

Appendix

Expenses details

Impacts on financial expenses, taxes, personnel and others

	Income statement line	Description	Details
Overseas investment and funding	Financial expenses and taxes	FX variation on Intercompany (B3 and Cetip Lux) funding and investments	Impact of FX rate variation on the financial expense lines totally offset by the impact on the tax line In 4Q18 the impact was -R$20.3 million on financial expense and +R$20.3 million on the tax line Math: ~USD150 million * FX rate variation
Expenses linked to market price of B3SA3 shares	Personnel	Provision of payroll taxes on Long-term Incentive Plans granted to employees	~60% payroll taxes on the portion of the compensation related to stock grants In 4Q18, long-term stock-based compensation expenses rose 77.2% (B3SA3 shares rose 14.6%), from R$20.6 million in 4Q17 to R$36.5 million in 4Q18 Math (simplified): # of shares[1] * market price of B3SA3 shares at the end of the quarter + adjustments to previous quarters In Jan'19, B3 entered into a swap to hedge this exposure to B3SA3 market price
	Other expenses	Mark-to-market of provisions for legal disputes involving the value of B3SA3 shares	Provision amount adjusted to the market price of B3SA3 shares at the end of the quarter In 4Q18, there was a R$17.7 million provision (B3SA3 shares rose 14.6%) Math: financial amount equivalent to 5,186,739 shares * market price of B3SA3 shares at the end of quarter (mark-to-market)

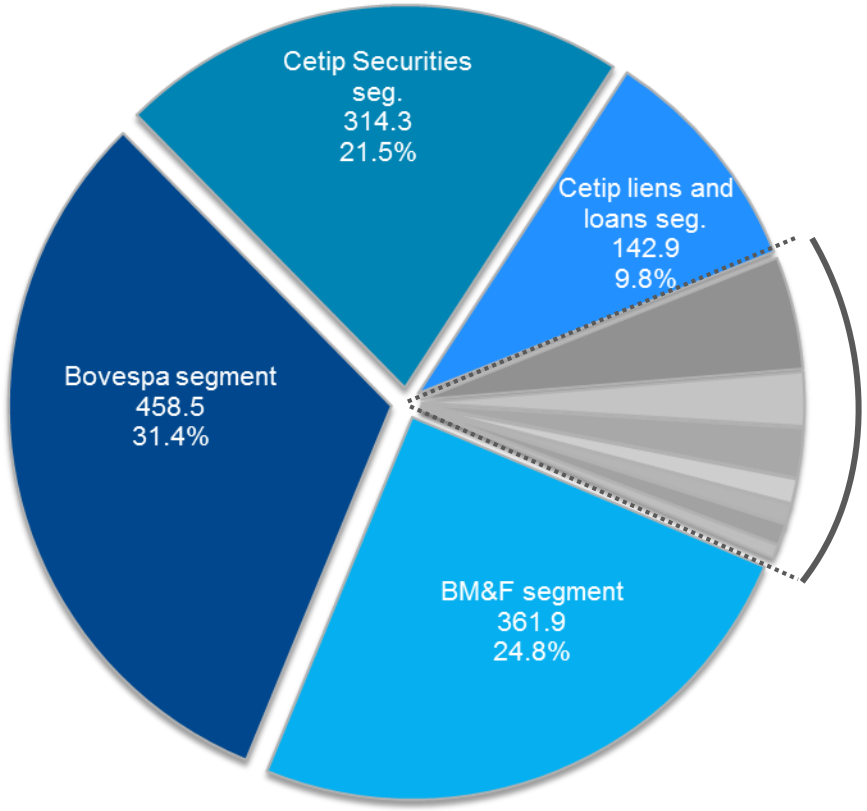
[1] Payroll taxes calculated on a portion of the total number of stocks granted, following the accounting accrual method.

Other revenues

Solid performance of depository, securities lending and market data

4Q18 REVENUE BREAKDOWN *(in R$ millions / % of the total)*

(Combined information; B3)



12.4%

Other lines of business	4Q18	YoY
Depository	69.2	12.4%
Securities lending	30.3	20.1%
Market data	32.9	29.4%
Listing	15.1	3.0%
Bank - financial intermediation and bank fees	12.2	43.6%
Market participant access	13.1	13.3%
Other	8.3	-70.2%
Total	**181.1**	**3.6%**

+17.6% YoY, excluding other revenues

Combination-related Opex and Capex

Budget of business combination-related expenses and investments

Estimates on expenses and other impacts arising from the completion of the business combination with Cetip[1] *(R$ millions)*

	2016	2017	1Q18	2Q18	3Q18	4Q18	2018
Contractual commitments and other accounting impact	**-**	**232.5**	**-**	**-**	**-**	**-**	**-**
Cetip´s LT compensation and retention programs (cancelation of stock options and payroll taxes)	-	133.1	-	-	-	-	-
Impairment / write-offs / provision for contractual fines	-	99.4	-	-	-	-	-
Retention / severance programs approved in the AGM of 04/28/17[2]	**-**	**84.6**	**8.7**	**3.3**	**6.8**	**7.5**	**26.2**
Advisors, consultants, branding	**70.3**	**89.3**	**0.4**	**1.1**	**2.3**	**0.9**	**4.7**
Total	**70.3**	**406.5**	**9.1**	**4.4**	**9.1**	**8.4**	**31.0**

[1] In comparison with the numbers disclosed in 1Q17, some expenses were reclassified between lines in the table and from expenses related to the combination with Cetip to recurring personnel expenses. [2] Includes payroll charges on the amount approved at the Annual General Meeting. In addition to the amount described above, approximately R$44 million will be accrued between 2019 and 2021, according to the vesting periods of the stock grant program. The portion referring to payroll taxes on the stocks that will be transferred in future periods can vary significantly, since it will be calculated based on the stock price on the day of the transfer.

Estimates on expenses and Capex necessary to capture synergies *(R$ millions)*

	2016	2017	1Q18	2Q18	3Q18	4Q18	2018
Severance and services providers' expenses	**8.5**	**150.9**	**5.9**	**10.6**	**10.6**	**5.1**	**32.3**
Capex (projects and integration)	**-**	**8.3**	**3.3**	**14.2**	**3.0**	**8.0**	**28.4**

Financial statements

Summary of income statement (consolidated)

SUMMARY OF INCOME STATEMENT *(in R$ thousands)*

	4Q18	4Q17	4Q18/4Q17 (%)	3Q18	4Q18/3Q18 (%)	2018	2017	2018/2017 (%)
Total revenues	1,458.6	1,145.6	27.3%	1,272.5	14.6%	5,351.9	4,439.1	20.6%
Net revenues	1,313.5	1,033.6	27.1%	1,155.9	13.6%	4,831.9	4,006.2	20.6%
Expenses	(656.8)	(589.4)	11.4%	(642.0)	2.3%	(2,433.2)	(2,609.1)	-6.7%
Financial result	38.1	(25.2)	-250.9%	(12.1)	-414.2%	(53.7)	134.2	-140.0%
Income tax and social contribution	(112.3)	97.1	-215.7%	(28.0)	300.9%	(250.1)	(242.0)	3.3%
Net income	583.0	516.1	13.0%	465.4	25.3%	2,088.4	1,225.1	70.5%
Adjusted expenses	(272.3)	(283.7)	-4.0%	(250.5)	8.7%	(984.7)	(971.6)	1.3%
Recurring EBITDA	**913.7**	**672.9**	**35.8%**	**779.4**	**17.2%**	**3,424.5**	**2,658.1**	**28.8%**
Recurring EBITDA margin	69.6%	*66.6%*	301 bps	*67.4%*	214 bps	*70.9%*	*67.7%*	317 bps
Recurring net income	**715.0**	**635.8**	**12.5%**	**613.4**	**16.5%**	**2,634.5**	**2,084.0**	**26.4%**

Financial statements

Adjusted expenses and EBITDA reconciliations

ADJUSTED EXPENSES RECONCILIATION *(in R$ thousands)*

	4Q18	4Q17	4Q18/4Q17 (%)	3Q18	4Q18/3Q18 (%)	2018	2017	2018/2017 (%)
Expenses	**(656.8)**	**(589.4)**	11.4%	**(642.0)**	2.3%	**(2,433.2)**	**(2,609.1)**	**-6.7%**
(+) Depreciation and amortization	243.4	234.6	3.8%	236.4	3.0%	953.1	742.1	28.4%
(+) Long term stock based compensation	36.5	20.6	77.2%	39.7	-8.0%	124.9	108.0	15.7%
(+) Expenses related to the combination with Cetip	13.6	43.6	-68.8%	19.7	-30.9%	63.3	491.8	-87.1%
(+) Provisions (recurring and non-recurring)	33.5	(22.6)	-248.4%	44.3	-24.4%	109.0	199.7	-45.4%
(+) Revenue-linked expenses[1]	57.4	29.6	94.3%	51.5	11.5%	198.2	95.8	106.9%
Adjusted expenses	**(272.3)**	**(283.7)**	**-4.0%**	**(250.5)**	**8.7%**	**(984.7)**	**(971.6)**	**1.3%**

EBITDA RECONCILIATION *(in R$ thousands)*

	4Q18	4Q17	4Q18/4Q17 (%)	3Q18	4Q18/3Q18 (%)	2018	2017	2018/2017 (%)
EBITDA	**900.1**	**678.7**	**32.6%**	**750.3**	**20.0%**	**3,351.8**	**2,139.2**	**56.7%**
(+) Expenses related to the combination with Cetip	13.6	43.6	-68.8%	19.7	-30.9%	63.3	491.8	-87.1%
(+) Non-recorring provisions	-	(49.4)	0.0%	9.4	0.0%	9.4	27.1	-65.1%
Recurring EBITDA	**913.7**	**672.9**	**35.8%**	**779.4**	**17.2%**	**3,424.5**	**2,658.1**	**28.8%**
Recurring EBITDA margin	69.6%	66.6%	301 bps	67.4%	214 bps	70.9%	67.7%	317 bps

[1] Mainly related to the Contracts System within Cetip Securities segment.

Recurring net income

Reconciliation of net income – excluding non-recurring items

NET INCOME RECONCILIATION *(in R$ thousands)*

	4Q18	4Q17	4Q18/4Q17 (%)	3Q18	4Q18/3Q18 (%)	2018	2017	2018/2017 (%)
Net income (attributable to shareholders)	**582.9**	**516.1**	12.9%	**465.4**	25.3%	**2,087.4**	**1,224.7**	70.4%
(+) Expenses related to the combination with Cetip	9.0	28.8	-68.8%	13.0	-30.9%	41.8	325.4	-87.2%
(+) Non-recurring provisions	-	(32.6)	-	6.2	-	6.2	17.9	-65.1%
(+) Impairment	-	-	-	5.8	-	5.8	43.2	-86.7%
(+) Amortization of intangibles from combination with Cetip	123.1	123.6	-0.4%	123.1	0.0%	493.3	376.4	31.0%
(+) Amortization of intangibles from combination with GRV	-	-	-	-	-	-	8.6	-
(+) Taxes Refinancing (REFIS/PERT)	-	-	-	-	-	-	87.8	-
Recurring net income	**715.0**	**635.8**	12.5%	**613.4**	16.5%	**2,634.5**	**2,084.0**	26.4%
(+) Deferred Tax (goodwill from Bovespa combination)	-	133.1	-	-	-	-	532.2	-
(+) Deferred Tax (goodwill from Cetip combination)	119.6	119.6	0.0%	119.6	0.0%	478.5	239.3	100.0%
Recurring net income adjusted by goodwill tax benefit	**834.6**	**888.5**	-6.1%	**733.1**	13.8%	**3,113.0**	**2,855.5**	9.0%

Financial statements

Summary of balance sheet (consolidated)

BALANCE SHEET (in R$ thousands)

ASSETS	Dec 31, 2018	Dec 31, 2017	LIABILITIES AND EQUITY	Dec 31, 2018	Dec 31, 2017
Current assets	**7,475,618**	**6,506,030**	**Current liabilities**	**5,755,789**	**5,455,171**
Cash and cash equivalents	329,687	711,140	Collateral for transactions	2,110,933	2,171,449
Financial investments	6,487,587	4,926,832	Financial instruments for hedge	7,288	21,345
Others	658,344	868,058	Loan	1,777,213	1,615,930
Noncurrent assets	**30,196,627**	**31,073,849**	Others	1,860,355	1,646,447
Long-term receivables	**2,388,707**	**2,563,595**	**Noncurrent liabilities**	**6,872,260**	**7,814,694**
Financial investments	1,755,193	2,197,268	Debt issued abroad	2,731,946	4,018,763
Others	633,514	366,327	Deferred inc. tax and social contrib.	3,344,440	3,081,088
Investments	**45,591**	**44,962**	Others	795,874	714,843
Property and equipment, net	**627,325**	**573,669**	**Equity**	**25,044,196**	**24,310,014**
Intangible assets	**27,135,004**	**27,891,623**	Capital	3,548,655	3,198,655
Goodwill	22,338,799	22,338,876	Capital reserve	18,066,178	18,399,366
Software and projects	4,796,205	5,363,067	Others	3,429,363	2,711,993
Others	0	189,680	Non-controlling interests	**11,227**	**10,320**
Total Assets	**37,672,245**	**37,579,879**	**Total liabilities and equity**	**37,672,245**	**37,579,879**

Investor Relations

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