

2018 FINANCIAL STATEMENTS

Dear Shareholders,

B3 S.A. – Brasil, Bolsa, Balcão (“B3” or the “Company”) submits for your appreciation the Management Report on the business developed in 2018.

HIGHLIGHTS OF THE YEAR

2018 marked the first year of B3 operation. With the conclusion of the integration between the former companies BM&FBOVESPA and Cetip, management could concentrate their efforts on strengthening our corporate culture, focusing on proximity to and satisfaction of customers, on operating excellence, and on innovation capacity.

B3 held a wide and in-depth strategic planning exercise that had the support of a global consulting firm featuring specialists in Financial Market Infrastructure, and the extensive engagement of the Board of Directors. The outcomes of this work include: i) assertion of a strategy focused on customers, services and products of our core business: cash equities, derivatives, fixed income markets, as well as financing, data and analytics services linked to these segments, among others; ii) clear determination to keep and strengthen our competencies in: operations and risk management, cutting-edge technology and innovation, customer relationship and service, engagement with regulators, and development and retention of human talents by means of a corporate culture of excellence; and iii) beginning of several projects and concrete actions to support the performance of our plan. Additionally, a smaller portion of our efforts will be directed to the analysis of opportunities for selective diversification. A series of concrete projects and actions that support the plan’s implementation began in 2018.

As the first outcome of this strategy and corporate culture, in August 2018, B3 published a roadmap of products and services expected to be delivered in 2018 and 2019. The execution of this roadmap, in which priorities of initiatives were developed together with customers, will contribute to the continuous development and sophistication of the Brazilian market. Additionally, the Company set out a project to improve its customer support service - which should be completed in the first half of 2019 -, with the purpose of enhancing our customers’ experience.

Regarding operating performance, the year 2018 saw the growth in business of B3 customers, thus motivating the Company to continue supporting its business initiatives with safe platforms and a list of products that is increasingly more far reaching. We observed record-breaking volumes in the stock and derivatives markets, reflecting not only the volatility resulting from the elections, but also the first signs of a new stage of development of the Brazilian market in a scenario of lower interest rates. Although the market backdrop favored the record volumes seen in 2018, we must highlight that the Company’s significant investments in technological infrastructure, people, processes and governance have supported this performance, ensuring an availability over 99.9% of B3 platforms throughout the year.

In this context, B3 total revenues amounted to R\$5,351.9 million in 2018, increasing by 20.6% against 2017, with growth in all business segments. Recurring net income, which does not include extraordinary items relating to the business combination with Cetip, or items that are not in connection with the company’s recurring business, increased by 26.4% against 2017.

Already in 2019, there are indications that the macroeconomic backdrop will be more positive than in previous years. Against this background, and considering the product development activities that B3 has performed jointly with its customers, we believe that the Brazilian market will continue to develop and become more robust in 2019. We will continue to work with intensive focus and a clear strategy in order to provide solutions that may exceed the expectations of our customers and regulators and, thus, be the market’s preferred financial market infrastructure platform.

OPERATIONAL PERFORMANCE

Financial and Commodities Derivatives (BM&F segment)¹

The average daily volume on the BM&F segment was 3.7 million contracts in 2018, an increase of 20.8% compared to 2017, due to the growth in the volume of more relevant contract groups. The volume of contracts in Interest rate in BRL, which is the most representative group in the segment, rose by 2.3% compared to 2017. Both years were marked by volatility and uncertainty, particularly due to the reduction in interest rates in 2017 and the Brazilian elections in 2018. Regarding Stock indices and FX

¹ The volume of Mini contracts is weighted on the respective standard contracts, affecting both the volumes and the RPC of these groups of contracts.

rates contracts, which increased by 107.8% and 27.4%, respectively, volumes were pushed by individual investors and High Frequency Traders (HFTs), especially in the Mini contracts². Meanwhile, the 31.6% increase in Interest rate in USD contracts reflected a higher demand for hedging against exchange rate variations.

Average Daily Volume (*thousands of contracts*)

Contracts	2018	2017	2018/2017 (%)
Interest rates in BRL	1,949.5	1,904.8	2.3%
FX rates	690.1	541.8	27.4%
Stock indices	696.0	335.0	107.8%
Interest rates in USD	338.1	256.8	31.6%
Commodities	8.9	9.7	-8.3%
TOTAL	3,682.6	3,048.1	20.8%

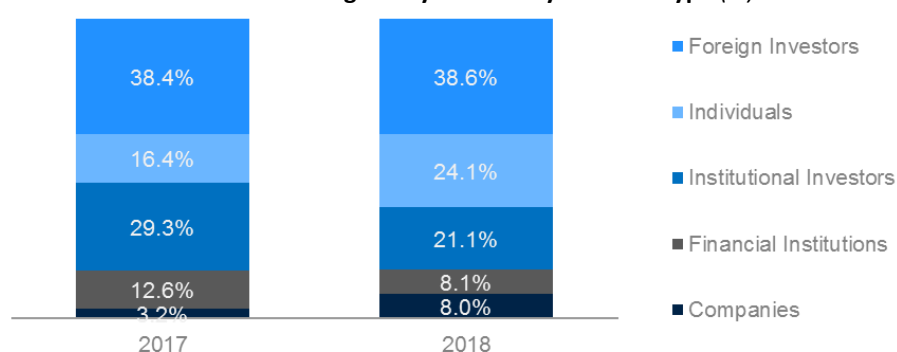
The average revenue per contract (RPC) rose by 7.3% compared to 2017, mainly influenced by the appreciation of 17.1% in the US dollar against the *Real* in the period, which had a positive effect on the RPC of FX rates and Interest rates in USD contracts. There was also an increase in RPC for Interest rates in BRL in the period, reflecting higher volumes of contracts with longer maturities. The RPC of Stock indices contracts, in turn, dropped 12.7%, reflecting the higher share of day trade and HTF transactions, which have lower prices.

Average RPC (R\$)

Contracts	2018	2017	2018/2017 (%)
Interest rates in BRL	1.072	1.034	3.7%
FX rates	3.355	3.012	11.4%
Stock indices	0.871	0.998	-12.7%
Interest rates in USD	1.697	1.431	18.6%
Commodities	1.980	2.089	-5.2%
TOTAL	1.522	1.419	7.3%

Regarding the share of different investor groups in the BM&F segment, foreign investors were the most representative, with 38.6% in 2018, remaining practically stable against 2017. Individual investors rose from 16.4% in 2017 to 24.1% in 2018, particularly concentrated on the trading of Mini contracts, as mentioned above.

Share of Average Daily Volume by Investor Type (%)³



² Mini contracts are five times smaller than standard contracts. The volume of Mini stock indices contracts increased by 151.5% against 2017, while Mini FX rates contracts increased by 82.2%.

³ Weighting was not considered in Mini contracts by investor type.

Equities and Equity Derivatives (Bovespa segment)

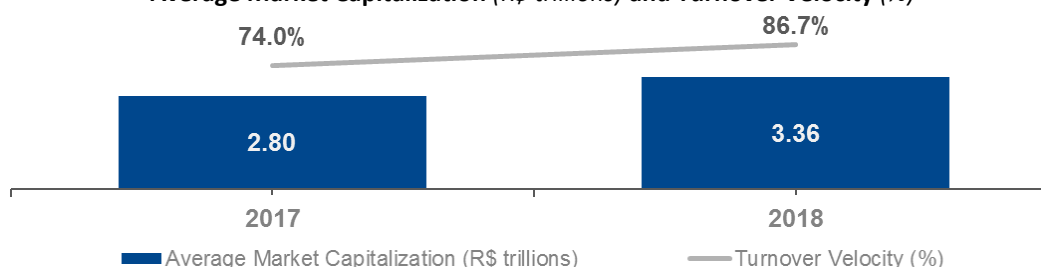
The average daily trading value on the equities and derivatives market (options and forwards) was R\$12.3 billion in 2018, an increase of 41.1% in comparison with the previous year, mainly reflecting the volatility that resulted from the electoral process and the rebound of the stock market, in the wake of a scenario of lower interest rates and economic recovery prospects.

Average Daily Traded Value (R\$ million)

Market	2018	2017	2018/2017 (%)
Stocks and equity deriv.	12,309.0	8,721.1	41.1%
Cash market	11,878.9	8,426.7	41.0%
Derivatives	430.0	294.4	46.1%
Options market (stocks / indices)	298.9	193.0	54.9%
Forward market	131.1	101.4	29.3%
Fixed income and other cash-market	4.2	3.1	33.9%
TOTAL	12,313.2	8,724.2	41.1%

The average market capitalization⁴ reached R\$3.4 trillion in 2018, up by 19.9% over 2017. Turnover velocity⁵ also rose to reach 86.7% in 2018 against 74.0% in 2017.

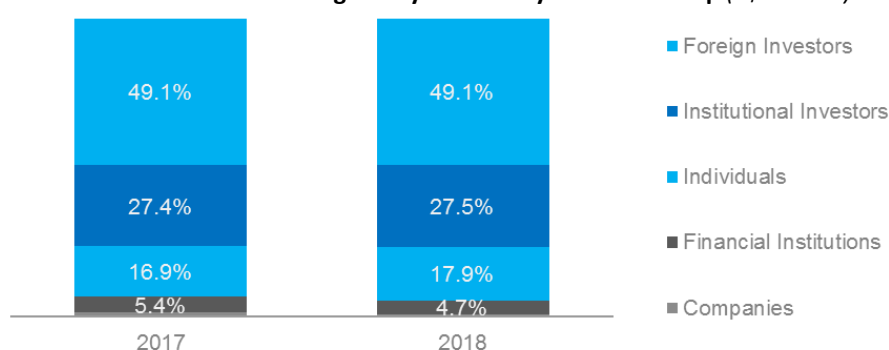
Average Market Capitalization (R\$ trillions) and Turnover Velocity (%)



Trade and post-trade margins were 4.973 base points in 2018 against 5.145 in 2017, down by 3.4%, mainly explained (i) by marginal discounts to the market, in accordance with the B3 tariff policy⁶, given that in every month of the year the average daily trading value exceeded R\$9 billion, and (ii) by the greater share of day trades, whose margins are lower than those of other investors.

Regarding the share in the Bovespa segment per group of investors, foreign investors continued to dominate the segment, with 49.1% of total volume traded. Compared to 2017, we highlight the group of individual investors, whose average trading volume increased by 6.2%, reflecting these investors' search for greater investment diversification in an environment of lower interest rates.

Evolution of the Average Daily Volume by Investor Group (R\$ billions)



⁴ Market capitalization is obtained by multiplying the number of shares issued by the listed companies, by their respective market prices.

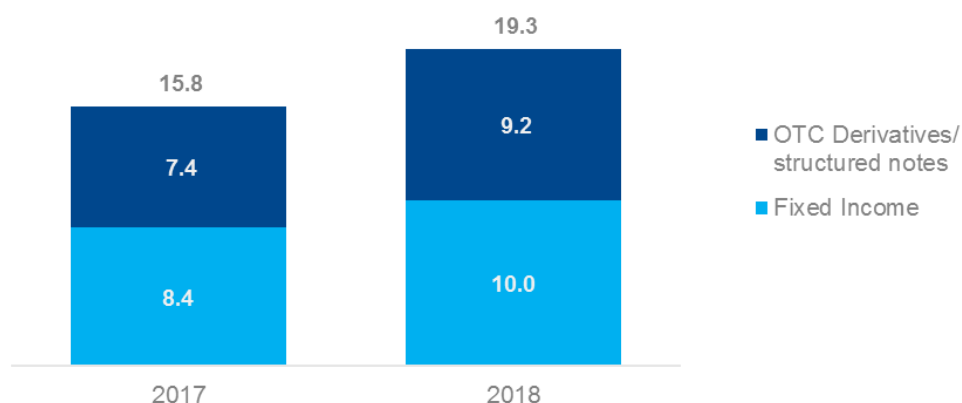
⁵ Turnover velocity is obtained by dividing the trading volume on the spot market in the period by the average market capitalization in the same period.

⁶ According to the prevailing table of tariffs, marginal discounts are granted to the entire market whenever the average daily trading for the month exceeds the levels of R\$9 billion, R\$11 billion and R\$13 billion.

Securities Unit

The financial volume of new issues amounted to R\$19.3 trillion in 2018, an increase of 22.0% compared to 2017. The volume of fixed income instruments issued grew 19.5%, led by the increase in issues of bank certificates of deposit (CDBs), while the volume of registration of OTC derivatives and structured transactions rose by 24.8%.

Volume of Registrations per Instrument (R\$ trillions)



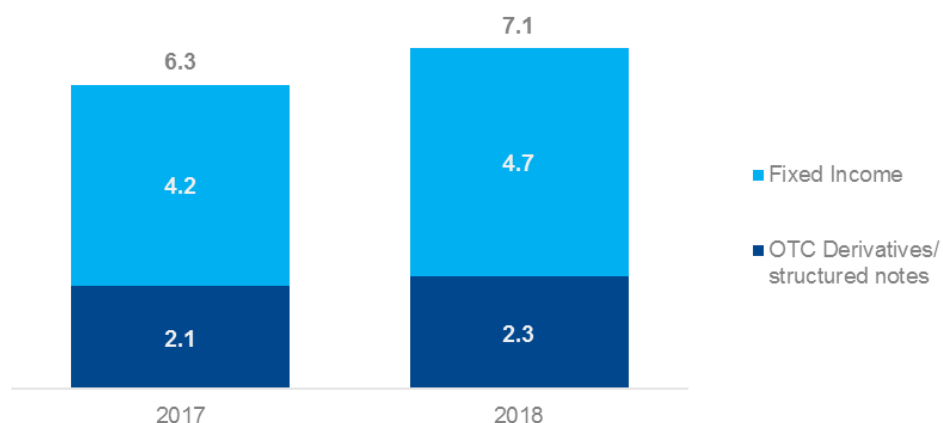
The average price charged for registration of fixed income instruments fell by 4.4%, reflecting the product mix and the migration by clients to lower price ranges, according to the price discounts by volume. The average price charged for registering OTC derivatives and structured transactions also showed a decline of 6.7%, mainly due to higher volumes of foreign exchange options, which have lower fees.

Average Registration Price (base points - bps)

	2018	2017	2018/2017 (%)
Average price fixed income	0.067	0.070	-4.4%
Average price OTC derivatives/structured notes (COE)	0.045	0.049	-6.7%

The average stock of registered assets subject to custody fees rose to R\$7.1 trillion, up by 12.0% over 2017, reflecting the growth of 13.4% in the average volume of fixed income instruments, particularly CDBs, and 9.0% in the volume of OTC derivatives and structured transactions. On the other hand, a greater relative share of CDBs reduced the average monthly price charged for this service, which is lower than the average price of fixed income instruments.

Average Volume of Custody Fees – per Instrument (R\$ trillions)



Average Monthly Custody Fee (base points - bps)

	2018	2017	2018/2017 (%)
Average price fixed income	0.072	0.076	-5.7%
Average price OTC derivatives/ structured notes (COE)	0.040	0.036	9.9%
End users (R\$)	0.335	0.361	-7.3%

The average number of clients that pay utilization fees remained stable compared to 2017. The number of transactions processed in the year was 15.3% higher than in 2017, reflecting a higher proportion of CDBs used as funding instruments by the banks, while average prices dropped 23.6% due to discounts by volume, especially in CDBs.

	2018	2017	2018/2017 (%)
Monthly Utilization			
Average number of clients	12,461	12,471	-0.1%
Average price (R\$)	1,979	1,631	21.4%
Transactions			
Total number of transactions	410,935	356,297	15.3%
Average price (R\$)	0.30	0.39	-23.6%
Interbank Payment Chamber (CIP)			
Processed electronic cash transfers (EFT)	637,692	534,874	19.2%
Average price (R\$)	0.08	0.09	-6.3%

Cetip Liens and Loans Unit

The number of registrations on the National Liens System (SNG) was positively affected by the 7.5% growth in total vehicles financed. This growth is explained by the combination between the 2.4% growth in the total number of vehicles sold and greater penetration of financing, which rose from 29.3% of total vehicles sold in 2017 to 30.8% in 2018, as a consequence of economy recovery.

On the Contracts System, the number of contracts transmitted dropped by 5.6% compared to the previous year, reflecting the reduction from 71.4% in 2017 to 62.7% in 2018 in the market share of B3. This downturn in market share is mainly explained by the interruption of the service in the State of Minas Gerais as from Sep'17, and in the State of Paraná, as from Oct'18.

	2018	2017	2018/2017 (%)
SNG			
Number of vehicles sold (millions)	17,814	17,405	2.4%
New	3,654	3,213	13.7%
Used	14,161	14,191	-0.2%
Number of vehicles financed (millions)	5,486	5,106	7.5%
New	2,053	1,801	13.9%
Used	3,434	3,304	3.9%
% Vehicles financed / vehicles sold	30.8%	29.3%	180 bps
Contracts Systems			
Contracts added (millions)	3,441	3,644	-5.6%
% Contracts added / vehicles financed	62.7%	71.4%	-1510 bps

INCOME STATEMENT**Revenue**

(In thousand of Brazilian Reals, unless otherwise indicated)	2018	2017		2018/2017 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Total revenues	5,351,875	4,072,109	4,439,101	31.4%	20.6%
BM&F Segment	1,398,086	1,108,107	1,108,107	26.2%	26.2%
Derivatives	1,377,566	1,089,097	1,089,097	26.5%	26.5%
Foreign exchange	20,520	19,010	19,010	7.9%	7.9%
Bovespa segment	1,534,537	1,136,016	1,136,016	35.1%	35.1%
Trading fees	234,499	180,071	180,071	30.2%	30.2%
Clearing fees	1,265,676	924,220	924,220	36.9%	36.9%
Others	34,362	31,725	31,725	8.3%	8.3%
Cetip Securities segment	1,217,522	834,748	1,101,370	45.9%	10.5%
Registration fees	130,774	89,357	113,718	46.4%	15.0%
Maintenance (CSD/TR)	541,734	375,890	497,000	44.1%	9.0%
Monthly utilization	295,972	184,853	243,962	60.1%	21.3%
Transaction fees	122,081	101,799	138,584	19.9%	-11.9%
Other revenue from services	126,961	82,849	108,106	53.2%	17.4%
Cetip liens and loans segment	526,564	323,306	423,636	62.9%	24.3%
SNG	184,538	122,067	159,282	51.2%	15.9%
Contracts Systems	262,464	148,119	194,654	77.2%	34.8%
Market data and development of solutions	77,844	51,913	68,098	50.0%	14.3%
Other revenues	1,718	1,207	1,602	42.3%	7.2%
Other revenues	675,166	669,932	669,972	0.8%	0.8%
Securities lending	116,399	100,405	100,405	15.9%	15.9%
Listing	60,771	57,247	57,247	6.2%	6.2%
Depository, custody and back-office	253,583	227,228	227,228	11.6%	11.6%
Trading access (Brokers)	48,017	40,105	40,105	19.7%	19.7%
Market data	121,863	108,255	108,255	12.6%	12.6%
BM&FBOVESPA bank	36,203	37,235	37,256	-2.8%	-2.8%
Others	38,330	99,457	99,476	-61.5%	-61.5%
Revenue deductions	(519,960)	(398,513)	(432,931)	30.5%	20.1%
PIS and Cofins	(431,908)	(335,720)	(363,438)	28.7%	18.8%
Service tax	(88,052)	(62,793)	(69,493)	40.2%	26.7%
Net revenues	4,831,915	3,673,596	4,006,170	31.5%	20.6%

B3 closed the year 2018 with total revenues (before deduction of PIS/COFINS and ISS taxes) of R\$5,351.9 million, up by 20.6% compared to 2017, with growth in all business lines. It is worthwhile mentioning that, as from the business combination with Cetip, on March 29, 2017, the latter's results have been included in B3 audited financial statements. In order to provide for better comparison of the Company's performance, the analysis considered the combined management data of the two companies in 2017.

BM&F segment: amounted to R\$1,398.1 million in 2018 (26.1% of the total), up by 26.2% against 2017, reflecting the growth in the average volume of contracts traded and RPCs, as explained above.

Bovespa segment: reached R\$1,534.5 million (28.7% of the total), up by 35.1% in relation to 2017. Revenues linked to the volume traded (trading and post-trading) totaled R\$1,500.2 million, up by 35.8% against the previous year, as a result of the growth in the volumes traded.

Cetip Securities segment: reached R\$1,217.5 million in 2018 (22.7% of total), an increase of 10.5% year-over-year. This performance is mainly explained by the 21.3% growth in revenues from monthly utilization, and the 9.0% growth in revenues from custody fees, reflecting the increase in volumes of fixed income assets and derivatives.

Cetip Liens and Loans segment: totaled R\$526.6 million in 2018 (9.8% of the total), 24.3% greater than in 2017. Growth of 15.9% in SNG revenues (liens) reflects the 7.5% rise in the number of vehicles financed, combined with adjustments made in our table of discounts. The increase of 34.8% in revenues from the Contracts System reflects the impacts from the change in the business model for this service in the states of São Paulo, Santa Catarina and Pernambuco as from 1Q18, 2Q18 and 3Q18, respectively. B3 operates on behalf of the creditor institutions as the transmitter of information about the loan to the accredited registering company (Registering Company) which, in turn, registers the contracts with the Traffic Department. Under this new model, B3 has bundled into the price it charges the financial institutions the value of the services provided by the Registering Company,

creating a positive impact of the Contracts Service revenues. In exchange, the payment of the amount referring to the services provided by the registration Company is booked as a company expense (Third party services) B3 has worked with its clients and partners to adjust the various aspects of this business, such as reviewing some discounts granted to SNG, nevertheless, there has been an adverse impact on the Company.

In the event other states adopt other models in 2019, the revenues and expenses of B3 will once again be affected.

Other revenues: revenues not related to volumes traded reached R\$675.2 million (12.6% of the total) in 2018, remaining stable against 2017 (+0.8%). The main highlights were:

- **Securities lending:** totaled R\$116.4 million (2.2% of the total), an increase of 15.9% over 2017, reflecting the increase in outstanding positions, basically due to appreciation of Market Capitalization.
- **Depository, custody and back-office⁷:** totaled R\$253.6 million (4.7% of the total), up by 11.6% over 2017, reflecting above all the increase of 16.3% in Treasury Direct revenue, which reached R\$115.5 million in 2018. It must also be mentioned that, at the close of 2018, the depository broke a record of 813.3 thousand individual accounts, with positive impact on revenues in this business line.
- **Market Data:** revenues from data signal sales amounted to R\$121.9 million (2.3% of the total), an increase of 12.6% against 2017, basically explained by the combination of clients growth and the appreciation of the US dollar against the Brazilian real, given that 63% of these revenues were referenced in US dollars.
- **Others:** totaled R\$38.3 million (0.7% of the total), down by 61.5% over the previous year due to (i) the reversal of the provision of R\$57.8 million regarding the payment of an additional social security amount of 2.5% on the payroll in previous years; and (ii) the restructuring of the health plan of Bovespa's former employees, in the amount of R\$22.6 million in Dec'17.

Net revenues: net revenues rose by 20.6% against 2017, reaching R\$4,831.9 million in 2018.

Expenses

(In thousand of Brazilian Reals, unless otherwise indicated)	2018	2017		2018/2017 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Expenses	(2,433,249)	(2,125,051)	(2,609,112)	14.5%	-6.7%
Personnel	(727,617)	(628,339)	(692,507)	15.8%	5.1%
Data processing	(193,914)	(182,512)	(188,988)	6.2%	2.6%
Deprec. and amortization	(953,105)	(715,560)	(742,137)	33.2%	28.4%
Third-party services	(237,339)	(111,545)	(130,232)	112.8%	82.2%
Maintenance	(20,507)	(20,890)	(22,085)	-1.8%	-7.1%
Communication	(5,734)	(6,353)	(7,629)	-9.7%	-24.8%
Marketing	(29,620)	(25,937)	(27,990)	14.2%	5.8%
Taxes	(9,872)	(9,072)	(10,113)	8.8%	-2.4%
Board/committees compensation	(14,303)	(13,973)	(15,511)	2.4%	-7.8%
Related to the combination with Cetip	(63,322)	(269,047)	(491,832)	-76.5%	-87.1%
Others	(177,916)	(141,823)	(280,087)	25.4%	-36.5%

Total expenses were R\$2,433.0 million in 2018, a drop of 6.7% over the previous year.

- **Personnel and payroll-related charges:** totaled R\$727.6 million, up by 5.1% against 2017. These expenses were affected by (i) payroll increase, due to an adjustment of approximately 3.6% under the annual collective bargaining agreement to the Company's salary base as from Aug'18; and (ii) the increase in provisions referring to the long-term, stock-based incentive plan resulting from the growth in the B3SA3 share price in the year and employees' profit sharing for 2018.
- **Depreciation and Amortization:** amounted to R\$953.1 million in 2018, impacted by the amortization of intangible assets arising from the business combination with CETIP, in the amount of R\$747.4 million (against R\$570.3 million in 2017), which started to be booked as from 2Q17.

⁷ Refers only to depository services regarding the custody of assets, not including services resulting from the depository's actions for settlement of transactions on the spot market (transfer of ownership).

- **Third party services:** totaled R\$237.3 million, up by 82.2% compared to the previous year. As explained above, with the implementation of the new business model in the Contracts System in the states of São Paulo, Santa Catarina and Pernambuco, B3 now recognizes as an expense the amount incurred with the services provided by the Registering Company, with direct impact on revenue-linked expenses, which totaled R\$198.2 million in 2018 (against R\$95.8 million in 2017). Excluding revenue-linked expenses, third party services would totaled R\$39.1 million, increasing 13.7% when compares to 2017.
- **Related with the combination with Cetip:** totaled R\$63.3 million in 2018, a reduction of 87.1% against 2017, reflecting the evolution of the business combination. These expenses are mainly related to advisors, consultants, personnel and brand.
- **Others:** totaled R\$177.9 million, down by 36.5% against 2017. This comparison was mainly impacted by recognition, in 1Q17, of non-recurring provisions regarding harmonizing the method for classification of the chances of loss (remote, possible and probable) of certain court disputes of Cetip.

Financial Result

(In thousand of Brazilian Reals, unless otherwise indicated)	2018	2017		2018/2017 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Financial result	(53,682)	93,507	134,203	-157.4%	-140.0%
Financial income	488,796	887,128	918,705	-44.9%	-46.8%
Financial expenses	(542,478)	(793,621)	(784,502)	-31.6%	-30.9%

Financial result was negative by R\$53.7 million in 2018. Financial revenues totaled R\$488.8 million, a drop of 46.8% over 2017, mainly explained by the reduction in average cash in the period (in Apr'17 the Company paid R\$8.4 billion to former Cetip shareholders due to the business combination) and lower interest rates. Financial expenses, in turn, amounted to R\$542.5 million, down by 30.9% against the previous year, mainly explained by (i) reduction in indebtedness (particularly, the maturity of debentures in the amount of R\$500 million in Sep'17); and (ii) lower interest rates on the Company's debt.

Additionally, financial result was also negatively affected by exchange rate variation on offshore loans and on the Company's overseas investment totaling R\$88.9 million in 2018, this impact having been offset by the income tax and social contribution line item (hedge structure).

Income and social contribution taxes

(In thousand of Brazilian Reals, unless otherwise indicated)	2018	2017		2018/2017 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Income tax and social contribution	(250,058)	(281,064)	(241,964)	-11.0%	3.3%
Current	9,684	(93,494)	(137,049)	-110.4%	-107.1%
Deferred	(259,742)	(187,570)	(104,915)	38.5%	147.6%

Income and social contribution taxes amounted to R\$250.1 million in 2018. Current taxes reached R\$9.7 million, including R\$4.9 million in taxes, with a cash impact paid by Banco B3 and Cetip Info. Deferred income and social contribution taxes amounted to R\$259.7 million, with no cash impact, being made up of temporary differences from the tax amortization of goodwill, which amounted to R\$478.5 million, and tax credits of R\$218.8 million (positive), mainly relating to the payment of interest on equity (IoC).

Net Income

(In thousand of Brazilian Reals, unless otherwise indicated)	2018	2017		2018/2017 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Net income	2,088,351	1,296,645	1,225,119	61.1%	70.5%
Net margin	43.22%	35.30%	30.58%	792 bps	1,264 bps
Attributable to:					
B3's shareholders	2,087,444	1,296,240	1,224,714	61.0%	70.4%
Net margin	43.2%	35.3%	30.6%	792 bps	1,263 bps
Minority interest	907	405	405	124.0%	124.0%

Net income attributed to the shareholders of B3 reached R\$2,087.4 million, up by 70.4% in relation to 2017, reflecting the operational performance in the year.

Adjustments to Net Income

(R\$ million)	2018	2017	2018/2017 (%)
Net income (attributable to shareholders)	2,087.4	1,224.7	70.4%
(+) Expenses related to the combination with Cetip	41.8	325.4	-87.2%
(+) Non-recurring provisions	6.2	17.9	-65.1%
(+) Impairment	5.8	43.2	-86.7%
(+) Amortization of intangibles from combination with Cetip	493.3	376.4	31.0%
(+) Amortization of intangibles from combination with GRV	-	8.6	-
(+) Taxes Refinancing (REFIS/PERT)	-	87.8	-
Recurring net income	2,634.5	2,084.0	26.4%
(+) Deferred Tax (goodwill from Bovespa combination)	-	532.2	-
(+) Deferred Tax (goodwill from Cetip combination)	478.5	239.3	100.0%
Recurring net income adjusted by goodwill tax benefit	3,113.0	2,855.5	9.0%

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

Excluding the non-recurring items, the recurring net income would have reached R\$2,634.5 million in 2018, an increase of 26.4% YoY. Furthermore, if adjusted for the tax break resulting from goodwill amortization involving the merger of Cetip S.A., net income would have come to R\$3,113.0 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2018

Assets, Liabilities and Shareholders' Equity Accounts

B3's equity condition remained strong in the end of 2018, with total assets of R\$37,672.2 million, remaining practically stable against 2017 (+0.2%), while shareholders' equity was R\$25,044.2 million, up by 3.0% in the year.

The main variations in assets compared to 2017 were recorded in cash and cash equivalents and financial investments (current and non-current assets), which, together, amounted to R\$8,572.5 million, up by 9.4%. The balance of derivative financial instruments (current and non-current), which refers to the hedge of dollar-denominated debt, recorded a variation of R\$266.4 million against 2017, reflecting the appreciation of the US currency against the *Real* throughout the year.

Current liabilities amounted to R\$5,767.4 million, up by 5.7% against Dec'17, accounting for 15.3% of total liabilities and shareholders' equity. Collateral received in transactions, the most relevant item in current liabilities, dropped by 2.8% year-over-year, from R\$2,171.5 million in 2017 to R\$2,110.9 million in 2018. This line is matched with cash and cash equivalents and financial investments in assets.

Non-current liabilities, in turn, amounted to R\$6,860.7 million, down by 12.2% against 2017, corresponding to 18.2% of total liabilities and shareholders' equity. The main variation in non-current liabilities occurred in debentures, due to the reclassification, to current liabilities, of the amortization of R\$1,500.00 million scheduled for Dec/19 (the first installment, also in the amount of R\$1,500.00 million, was paid in Dec'18).

It is important to mention that the debt in dollars, in the amount of R\$2,332.2 million in Dec'18, is hedged against foreign currency variations through derivative instruments (offset in assets).

Shareholders' equity at the end of Dec'18 reached R\$25,044.2 million, or 64.7% of total liabilities and shareholders' equity, consisting primarily of the Capital Reserve of R\$18,066.2 million and share capital of R\$3,548.7 million.

OTHER FINANCIAL INFORMATION

Investments

In 2018, investments amounted to R\$233.0 million, referring primarily to the upgrading of systems and technologies in all segments in which B3 operates, product development and the project of the new building structure (engineering, furniture and technology) of the Company.

Budget for adjusted expenses⁸, depreciation and amortization, and investments⁹ in 2019:

In December 2018, the Company announced the ranges of budgets for adjusted operating expenses, depreciation and amortization, and revenue-linked expenses and investments expected for 2019, which are as follows:

- (i) Budget for adjusted operating expenses, ranging from R\$1,030 million to R\$1,080 million (R\$985 million in 2018);
- (ii) Budget for depreciation and amortization, including amortization of intangible assets and surplus value, ranging from R\$950 million to R\$1,000 million (R\$953 million in 2018);
- (iii) Budget for expenses relating to invoicing, ranging from R\$245 million to R\$265 million (R\$198 million in 2018); and
- (iv) Budget for investments, ranging from R\$250 million to R\$280 million (R\$233.0 million in 2018).

Distribution of earnings

Regarding the year 2018, the Board of Directors resolved to pay interest on equity of R\$1,435 million. As a result, B3 payout ratio in 2018 was 68.7%¹⁰.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

B3 seeks to maintain excellent corporate governance norms and practices by ensuring alignment of the Company's interests to those of its managers, shareholders, market participants and other stakeholders.

The importance of good governance practices for the long-term success of B3 is even more present since it is a full corporation, without the existence of one single controlling shareholder, or a group of controlling shareholders, and also due to its institutional responsibility regarding the markets it manages.

Internal Audit

The objective of B3's Internal Audit is to provide the Board of Directors, the Audit Committee and the Executive Board with an independent, fair and timely analysis on the efficacy of risk management and governance processes, as well as on the adequacy of internal controls and compliance with the norms and regulations regarding the operations of the Company and its subsidiaries. In line with the best international practices and a strong risk management culture, in 2015, B3 was granted the certificate of "Quality of Internal Audit Activities," which recognizes the companies that adopt the best practices and international standards in internal audit, as issued by The Institute of Internal Auditors ("IIA").

Internal Controls, Compliance and Corporate Risk

B3 adopts a model of four lines of defense to manage its risks and controls. According to this model, the first line of defense, which is responsible for performing risk mitigation and internal control procedures, are the business areas themselves. The second line of defense, which is performed by the Governance and Integrated Management area and which reports directly to the Chief Executive Office, includes the risk management, business continuity, internal controls and compliance functions, which support the business areas and help managers in decision-making processes. The third line refers to the internal audit, which operates independently from the internal controls environment. Finally, the fourth line of defense comprises the review of the

⁸ Expenses adjusted by: i) depreciation and amortization; (ii) long-term, share-based incentives program – principal and charges; (iii) business combination with Cetip; (iv) provisions; and (v) expenses relating to revenues.

⁹ Does not include investments linked to the business combination with Cetip.

¹⁰ "Payout ratio" is the proportion of income paid to shareholders as calculated through the formula: (Earnings/Corporate Income)

financial statements by independent external auditors, and the regulatory supervision performed by the Central Bank of Brazil and the Brazilian Securities Commission [*Comissão de Valores Mobiliários*, or CVM].

Central Counterparty Risk – Collateral Administration Management

The transactions carried out in the BM&F and Bovespa segments are guaranteed by the deposit of assets for fulfillment of margins. Such collateral can be deposited in cash, public and private securities, bank surety letters, international shares and securities, among others. In Dec/18, collateral deposited by the participants amounted to R\$303.6 billion, an increase of 24.20% compared to 2017.

The increase in the volume of margins pledged as collateral reflects the increase in the volume of business carried out in the BM&F and Bovespa segments.

PEOPLE

In order to keep up with the evolution of corporate culture, the Human Resources area was reorganized and renamed as “People and Branding”, being devoted to reviewing management practices and processes in order to ensure greater alignment with its values and cause. In 2018, institutional actions and measures to develop managers and teams were carried out during more than 40 thousand hours of training programs.

Review of the performance cycle and of the total compensation model contributed to evolving internal meritocracy and market competitiveness. In April, the Company launched the “B3 Reconhece” [B3 Recognizes] program, a platform in which all B3 people recognize the behavior of peers in relation to the Company’s values. Another example of a tool that supports people’s strategy is the “Café com a Liderança” [Coffee with the Leadership] initiative, in which the employees are able to participate in conversations with more senior management to discuss strategies, business, culture and career, and to share their experiences.

The Company also conducted the first “Diversity Census” in order to improve its perceptions and build a coherent plan supported by inclusion and authenticity. In this respect, the #movimentoB3 initiative was developed to create a new way of working at B3, more open, flexible and collaborative; a new building structure with more collaboration spaces; remote work; and a new dress code.

The outcomes of this work were evidenced in the evolution of the “Great Place To Work” survey, in which B3’s engagement average increased by 3 points. As a result, the Company was certified for its people management practices, which were recognized by a major global authority in the subject. Once again, B3 was included in Love Mondays’ ranking of the 50 most loved companies, which compares over 100 thousand business in Brazil. Finally, B3 was certified by the Top Employers Institute, which is present in 118 countries and recognizes companies that offer excellent Human Resources practices.

In the end of 2018, B3 had 2,135 employees and interns.

SUSTAINABILITY AND SOCIAL INVESTMENT

As a recognition of its social and environmental policies and practices, B3 was selected, for the second consecutive year, to compose the FTSE4Good Latin America sustainability index of the London Stock Exchange. Regarding the voluntary initiative “Report or Explain for the Sustainable Development Goals (SDG),” B3 was recognized as one of the 10 worldwide cases of the “ISAR Honors,” a new UNCTAD award that recognizes good sustainability and SDG reporting practices.

As from November, B3 started to give visibility to green bonds in its systems, stimulating the advance of green finance in the Brazilian capital market. The “Sustainability Mentoring,” which is a service provided to customers that intend to adhere to sustainability topics, was also launched.

“B3 Social” launched the first edition of the “Social Rally,” a collaborative action that involved 661 voluntary employees helping 20 organizations and benefited 4,750 persons in almost 3,000 hours of voluntary work.

SELF-REGULATION OF ISSUERS AND PARTICIPANTS

With the objective of ensuring the adherence of issuers to regulation, the equalization of market practices and the equality of access to information B3 engages in the self-regulation of issuers listed in its markets and in the scope of the cooperation agreement signed with CVM, with the purpose of monitoring the information disclosed by issuers. As a result of this activity, in 2018, over 23 thousand documents disclosed by companies were analyzed, and over 1,000 demands were made due to lack of

compliance with the regulations in force, while in the case of listed funds monitoring agreement, over 5 thousand documents were analyzed, and some 170 demands were made.

In the second half of 2018, B3 participated in major initiatives in the scope of the Capital Markets and Long-Term Savings Work Group (GTMK), coordinated by the Ministry of Finance. More specifically, B3 discussed, among other subjects, proposals for the development of the fixed income market in Brazil, with measures aimed at simplifying and harmonizing the rules that govern debt securities issuance and trading, as well as the creation of a long-term financing environment for small and midsize business (access market).

In addition to the self-regulation applicable to issuers, BM&FBOVESPA *Supervisão de Mercados* (BSM) supervises the markets managed by B3 and its participants in order to promote integrity, transparency and efficiency

EXTERNAL AUDIT

The Company has retained Ernst & Young Auditores Independentes to provide external services for its financial statements for the year 2018.

The company's policy, and that of its subsidiaries, on retaining external auditing services is based on internationally accepted principles that preserve the independence of work of this nature and consist of the following practices: (i) the auditor cannot perform executive and managerial functions either within the Company, or its subsidiaries; (ii) the auditor cannot play an operational role within the Company and its subsidiaries that may prejudice the efficacy of the audit work; and (iii) the auditor must remain impartial – avoiding the existence of conflicts of interest and loss of independence – and the objectiveness of his opinions and pronouncements about the financial statements.

In the year ended December 31, 2018, Ernst & Young Auditores Independentes was contracted to provide non-external audit service, whose contract total was less than 5% of the total fees for external audit services scheduled for the year. The contracted service was the review of the report for rectification of ECD.

STATEMENT OF THE EXECUTIVE BOARD

In compliance with the provisions of CVM Instruction No. 480, the Executive Board declares that it has discussed, reviewed and agreed with the financial statements regarding the year ended December 31, 2018, also regarding the opinions included in the independent auditors' report.

ADDITIONAL INFORMATION

This Management's Report focused on B3's performance and main achievements in 2018. For further information on the Company and the market in which it operates, please refer to the Reference Form available on B3's Investor Relations website (<http://ri.bmfbovespa.com.br>) and on the CVM website (www.cvm.gov.br).

ACKNOWLEDGEMENTS

Finally, we would like to thank our employees for their effort throughout the year, as well as our suppliers, shareholders, financial institutions, customers and other stakeholders, for their support in 2018.



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A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in Brazilian currency 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).

Independent Auditor's Report on Individual and Consolidated Financial Statements

To the Board of Directors and Shareholders

B3 S.A. - Brasil, Bolsa, Balcão

São Paulo, Brazil

We have audited the individual and consolidated financial statements of B3 S.A. – Brasil, Bolsa, Balcão ("B3" or "Company"), identified as B3 and Consolidated, respectively, which comprise the balance sheet as at December 31, 2018, and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the year then ended, and a summary of significant accounting practices and other explanatory information.

In our opinion, the financial statements referred to above present fairly, in all material respects, the individual and consolidated financial position of B3 S.A. – Brasil, Bolsa, Balcão at December 31, 2018, its individual and consolidated financial performance and its cash flows for the year then ended, in accordance with accounting practices adopted in Brazil and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. Our responsibilities, in accordance with such standards, are described in section "Auditor's responsibilities for the audit of the individual and consolidated financial statements". We are independent of the Company and its subsidiaries, in accordance with the relevant ethical principles set forth in the Code of Ethics for Professional Accountants and in the professional standards issued by Brazil's Association of State Boards of Accountancy (CFC), and we comply with the other ethical responsibilities in accordance with these standards. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements taken as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter, including any commentary on the findings or outcome of our procedures, is provided in that context.



We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the individual and consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

1. Technology environment

The Company operates in a complex technology environment, with several systems in operation and a high volume of transactions. Given that B3's operations are highly dependent on the proper operation of the technology structure and its systems, we considered the technology environment a key audit matter.

How our audit addressed the matter:

Our audit procedures included an evaluation of the design and operational effectiveness of the IT general controls ("ITGC") implemented by the Company for the systems considered significant for the audit. The ITGC evaluation included audit procedures to assess controls over logical access, change management and other aspects of technology. With regard to the audit of logical access, we analyzed, on a sample basis, the process of new user access authorization and granting, timely revocation of access to transferred or terminated employees, and periodic review of users.

We also analyzed the password, security setting and technology resource access policies. In connection with the change management process, we evaluated whether changes to the systems were duly authorized and approved by B3 management. We also analyzed the operations management process, focusing on the policies to safeguard information and timely handling of incidents.

For processes considered significant for the financial statements, we identified the key automated or IT-dependent controls in order to perform a sample testing of the design and operational effectiveness of such controls. We also evaluated whether the business continuity plan guidelines follow market standards, and if the incidents reported throughout the year were submitted to the Business Continuity Committee.

Our technology experts were involved in these procedures.

Our audit procedures carried out in the process of the ITGC, as well as in the automated and IT-dependent controls considered significant in the audit process, provided us with an appropriate basis to plan the nature, timing and extent of our substantive audit procedures.

2. Role of central market guarantor counterparty

B3 is a multi-asset exchange vertically integrated, a model in which a single agent is responsible for all phases of the trading and post-trading process of the market. As such, the Company acts as the central depository of assets, clearing and settlement house and central counterparty. As a central guarantor counterparty, B3 is the buyer of all sellers and seller for all buyers, for settlement purposes. Accordingly, B3 is required to establish mechanisms to estimate and cover possible losses arising from non-settlement of one or more participants, and to hold financial investments in highly liquid assets with low exposure to market risk.

At December 31, 2018, B3 has R\$319 billion in guarantees deposited by the participants, as described in Note 14. This is considered a key audit matter given the amounts involved and the Company's role as Financial Market Infrastructure (FMI).

How our audit addressed the matter:

Our audit procedures included, among others, understanding of the activities of the clearinghouses, focusing on Risk Modeling, Central Counterparty Risk, Collateral Management and Pricing processes. In these processes, we analyzed organizational structure and governance aspects, definition of strategy and limits, policies, and measurement methodologies. We also identified and evaluated the design and operational effectiveness of key controls related to pricing, calculation and margin call.

Considering the methodology used by B3, we performed an independent recalculation of the margin required in certain scenarios and periods, and also recalculated the allocation of collaterals. We analyzed the reconciliation of the information disclosed in the notes with the operating system reports as of December 31, 2018, in addition to checking the custody statements of a sample of assets.

Our risk and control experts were involved in these procedures.

The results of our audit procedures on the testing of guarantees deposited by market participants were consistent with those assessed and disclosed by management, as described in Note 14, and were considered appropriate in forming an opinion on the financial statements taken as a whole.



3. Bovespa Holding S.A. and CETIP S.A. - Mercados Organizados Goodwill Impairment Assessment

The Company records goodwill of R\$22 billion in the statement of financial position, arising from the acquisitions of Bovespa Holding S.A. and CETIP S.A. - Mercados Organizados.

Analysis of the recoverable amount of goodwill involves significant judgments in determining the assumptions used in cash flow projections, including growth and discount rates. Given the materiality of the amounts involved, misstatements in the determination of the recoverable amounts of goodwill recorded may result in a material impact on the financial statements. Accordingly, this issue was considered a key audit matter.

How our audit addressed the matter:

Our audit procedures included, among others, the evaluation of the methodology and models used by management in assessing goodwill, including definition of the assumptions that support the cash flows projections considered in the asset impairment tests. We evaluated the consistency of the data used in comparison to the market outlook. We performed an independent calculation of the discount rate using our market premium assumptions, beta of comparable companies and country risk, among others. We involved our valuation professionals in this evaluation.

We compared the assertiveness of projections made by management in previous periods in relation to the performance achieved by B3. We analyzed the behavior of the key assumptions adopted under stress scenarios, in order to anticipate the sensitivities of the methodology.

We also compared the recoverable amount calculated based on the discounted cash flows by cash generating unit with the corresponding book value of the goodwill, and evaluated the adequacy of the disclosures included in Note 8 to the financial statements.

Based on the audit procedures performed in connection with the goodwill impairment tests prepared by the Company management and the audit evidence obtained that supports our tests, including our sensitivity analyses, the evaluations of the recoverable amounts of goodwill, prepared by the Company, as well as the respective disclosures, are appropriate in the context of the Financial Statements taken as a whole.



4. Disclosure and provisions for tax, civil and labor contingencies

As mentioned in Note 11, B3 and its subsidiaries are parties to various administrative and legal proceedings involving labor, tax and civil issues, arising from the ordinary course of business.

The assessment of the likelihood of loss in the proceedings involves a high degree of subjectivity by the legal advisors in charge of the case, as well as by B3 management, and takes into account aspects related to the existence of case law, recurrence of the claims, and measurement of any future disbursements.

In view of the significance, complexity and judgment involved in the assessment, definition of the timing for recognition, measurement and disclosures of tax, civil and labor contingencies, this issue was considered a key audit matter.

How our audit addressed the matter:

Our audit procedures included obtaining confirmation letters regarding the ongoing proceedings directly from the Company's legal advisors as of December 31, 2018, and comparing the likelihood of loss and amounts assigned with the operating controls and accounting records.

For the most significant cases, we tested the calculation of the amounts recorded and disclosed, and evaluated the likelihood of loss in relation to case laws and existing legal theses. Our tax professionals were involved in these procedures.

We also analyzed communications received from supervisory agencies related to lawsuits, notices served and discussions of which the Company is a party, and the adequacy of contingency-related disclosures and provisions recorded.

We also assessed the adequacy of the disclosures made by the Company regarding tax, civil and labor contingencies in Note 11 to the financial statements.

Based on the audit procedures performed on the tax, civil and labor contingencies and on the results obtained, provisions and disclosures prepared by management were considered appropriate in the context of the financial statements taken as a whole.



Other matters

Statements of value added

The individual and consolidated Statements of Value Added (SVA) for the year ended December 31, 2018, prepared under the responsibility of Company management and presented as supplementary information for IFRS purpose, were submitted to the same audit procedures performed in accordance with the audit of the Company's financial statements. For the purposes of forming our opinion, we evaluated whether these statements are reconciled with the financial statements and accounting records, as applicable, and whether their layout and content are in accordance with the criteria set forth in Accounting Pronouncement CPC 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement, and are consistent in relation to the overall individual and consolidated financial statements.

Other information accompanying the individual and consolidated financial statements and the auditor's report

Company's management is responsible for such other information, which includes the Management Report.

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

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



Responsibilities of the management and those charged with governance for the individual and consolidated financial statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with accounting practices adopted in Brazil and of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB), and for such internal control as management determines is necessary to enable the preparation of these financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Company's financial reporting process and include Management, the Audit Committee and the Board of Directors of the Company and its subsidiaries.

Auditor's responsibilities for the audit of the individual and consolidated financial statements

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

As part of the audit conducted in accordance with the Brazilian and international standards on auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement in the individual and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of the internal controls relevant to the audit in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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

► Evaluate the overall presentation, structure and content of financial statements, including disclosures, and whether the individual and consolidated financial statements represent the underlying transactions and events consistently with the appropriate disclosure objective.

► Obtain sufficient appropriate audit evidence regarding the financial information of entities or business activities of the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group's audit and, consequently, for the audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings. When, eventually identified during our audit, any significant deficiencies in internal controls were also be communicated.

We also provide those in charge of governance with a statement that we have complied with the relevant ethical requirements, including the applicable independence requirements, and communicate any relationships or matters that could significantly affect our independence, including, when applicable, respective safeguards.

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

São Paulo, February 21, 2019.

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



Gregory Gobetti
Accountant CRC-1PR039144/O-8

A free translation from Portuguese into English of individual and consolidated financial statements prepared in Brazilian currency 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).

B3 S.A. - Brasil, Bolsa, Balcão

Balance sheet
At December 31, 2018 and 2017
(In thousands of reais)

	Notes	B3		Consolidated	
		2018	2017	2018	2017
Assets					
Current assets		6,578,955	7,119,974	7,475,618	6,506,030
Cash and cash equivalents	4(a)	291,812	698,806	329,687	711,140
Financial investments and marketable securities	4(b)	5,639,356	5,560,397	6,487,587	4,926,832
Derivative financial instruments	4(c)	24,839	9,381	24,839	9,381
Accounts receivable	5	318,378	273,861	323,822	278,441
Taxes recoverable and prepaid	16(d)	228,163	482,399	232,910	488,081
Prepaid expenses		43,471	40,617	43,491	40,639
Other receivables		18,058	49,967	18,404	46,970
Noncurrent assets available to sell		14,878	4,546	14,878	4,546
Noncurrent assets		31,642,079	31,089,504	30,196,627	31,073,849
Long-term receivables		2,286,165	1,278,297	2,388,707	2,563,595
Financial investments and marketable securities	4(b)	1,653,205	914,694	1,755,193	2,197,268
Derivative financial instruments	4(c)	257,185	6,200	257,185	6,200
Judicial deposits	11(h)	363,379	346,431	363,933	346,955
Prepaid expenses		12,396	10,972	12,396	10,972
Other receivables		-	-	-	2,200
Investments		1,596,286	1,348,498	45,591	44,962
Interest held in subsidiaries and associate	6(a)	1,596,286	1,348,498	19,510	17,363
Investment properties	6(b)	-	-	26,081	27,599
Property and equipment	7	625,598	571,088	627,325	573,669
Intangible assets	8	27,134,030	27,891,621	27,135,004	27,891,623
Goodwill		22,338,799	22,338,876	22,338,799	22,338,876
Software, projects and others		4,795,231	5,552,745	4,796,205	5,552,747
Total assets		38,221,034	38,209,478	37,672,245	37,579,879

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Balance sheet -- continued
At December 31, 2018 and 2017
(In thousands of reais)

	Notes	B3		Consolidated	
		2018	2017	2018	2017
Liabilities and equity					
Current liabilities		6,469,185	5,064,241	5,755,789	5,455,171
Collateral for transactions	14	2,110,933	2,171,449	2,110,933	2,171,449
Earnings and rights on securities in custody	22(c)	59,850	63,127	59,850	63,127
Suppliers		188,655	133,113	190,569	133,846
Salaries and social charges	22(a)	325,385	267,378	326,675	268,950
Taxes and contributions payable	22(b)	116,194	169,048	125,624	191,650
Loans and financing	9	3,171,823	1,631,472	1,777,213	1,615,930
Derivative financial instruments	4(c)	7,288	21,345	7,288	21,345
Dividends and interest on equity payable		370,203	464,063	370,203	464,063
Revenues to be allocated		43,601	38,093	43,601	38,093
Other liabilities	10	75,253	105,153	743,833	486,718
Noncurrent liabilities		6,718,880	8,845,543	6,872,260	7,814,694
Loans and financing	9	2,585,445	5,063,787	2,731,946	4,018,763
Deferred income tax and social contribution	16(a)	3,344,459	3,081,020	3,344,440	3,081,088
Provisions for tax, civil, labor and other contingencies	11(e)	714,145	634,258	721,043	648,365
Revenues to be allocated		47,606	39,392	47,606	39,392
Other liabilities	10	27,225	27,086	27,225	27,086
Equity	12	25,032,969	24,299,694	25,044,196	24,310,014
Capital and reserves attributable shareholders of B3					
Capital		3,548,655	3,198,655	3,548,655	3,198,655
Capital reserve		18,066,178	18,399,366	18,066,178	18,399,366
Revaluation reserves		18,431	19,018	18,431	19,018
Income reserves		3,523,443	2,870,412	3,523,443	2,870,412
Treasury shares		(165,635)	(221,759)	(165,635)	(221,759)
Other comprehensive income		41,897	34,002	41,897	34,002
		25,032,969	24,299,694	25,032,969	24,299,694
Non-controlling interests		-	-	11,227	10,320
Total liabilities and equity		38,221,034	38,209,478	37,672,245	37,579,879

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of income

Years ended December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

		B3		Consolidated	
	Notes	2018	2017	2018	2017
Revenues	17	4,745,375	3,257,912	4,831,915	3,673,596
Expenses		(2,401,181)	(1,781,169)	(2,433,249)	(2,125,051)
General and administrative					
Personnel and charges		(711,709)	(552,417)	(727,617)	(628,339)
Data processing		(191,174)	(172,491)	(193,914)	(182,512)
Depreciation and amortization	6(b), 7 e 8	(951,579)	(505,109)	(953,105)	(715,560)
Third-party services		(232,881)	(89,454)	(237,339)	(111,545)
Maintenance in general		(18,111)	(16,236)	(20,507)	(20,890)
Communications		(5,660)	(5,044)	(5,734)	(6,353)
Promotion and publicity		(29,477)	(22,780)	(29,620)	(25,937)
Taxes and charges		(8,192)	(7,562)	(9,872)	(9,072)
Board and committee members		(14,303)	(13,692)	(14,303)	(13,973)
Related to combination with CETIP	18	(63,322)	(268,472)	(63,322)	(269,047)
Sundry expenses	19	(174,773)	(127,912)	(177,916)	(141,823)
Impairment of assets		(8,722)	(65,508)	(8,722)	(65,508)
Equity pickup	6(a)	275,561	23,303	2,147	1,165
Financial result	20	(299,119)	84,221	(53,682)	93,507
Financial income		476,811	878,588	488,796	887,128
Financial expenses		(775,930)	(794,367)	(542,478)	(793,621)
Income before income taxes		2,311,914	1,518,759	2,338,409	1,577,709
Income tax and social contribution	16(c)	(224,470)	(222,519)	(250,058)	(281,064)
Current		35,367	(52,629)	9,684	(93,494)
Deferred		(259,837)	(169,890)	(259,742)	(187,570)
Net income for the years		2,087,444	1,296,240	2,088,351	1,296,645
Attributable to:					
Shareholders of B3		2,087,444	1,296,240	2,087,444	1,296,240
Non-controlling interests				907	405
Earnings per share attributable to shareholders of B3 (in R\$ per share)	12(g)				
Basic earnings per share				1.021683	0.654960
Diluted earnings per share				1.016307	0.651702

See accompanying note.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of comprehensive income
Years ended December 31, 2018 and 2017
(In thousands of reais)

Notes	B3		Consolidated	
	2018	2017	2018	2017
Net income for the years	2,087,444	1,296,240	2,088,351	1,296,645
Other comprehensive income to be reclassified to P&L for the year in subsequent years	27,097	56,769	27,097	56,769
Translation adjustments				
Exchange rate variation on investment in foreign subsidiary	277	474	277	474
Exchange rate variation on financial assets, net of taxes	20,217	10,429	20,217	10,429
	20,494	10,903	20,494	10,903
Cash flow hedges				
Amount of cash flow hedging instruments, net of taxes	33,719	14,484	33,719	14,484
Transfer to income of cash flow hedging instrument, net of taxes	(24,536)	(13,034)	(24,536)	(13,034)
	9,183	1,450	9,183	1,450
Financial instruments measured at fair value through comprehensive income				
Market to market of other financial assets, net of taxes	(3,200)	-	(3,200)	-
Transfer of marked to market to P&L	637	-	637	-
	(2,563)	-	(2,563)	-
Comprehensive income (loss) of subsidiary				
Comprehensive income (loss) of subsidiary	(17)	(583)	(17)	(583)
	(17)	(583)	(17)	(583)
Financial instruments available for sale				
Market to market of available for sale financial assets, net of taxes	-	44,999	-	44,999
	-	44,999	-	44,999
Other comprehensive income not reclassified to P&L for the year in subsequent years				
Amount of cash flow hedging instruments, net of taxes	(11,867)	(10,938)	(11,867)	(10,938)
Market to market of equity instruments, net of taxes	(7,335)	-	(7,335)	-
Actuarial gains from post-employment health care benefits, net of taxes	-	872	-	872
	(19,202)	(10,066)	(19,202)	(10,066)
Total comprehensive income for the years	2,095,339	1,342,943	2,096,246	1,343,348
Attributable to:	2,095,339	1,342,943	2,096,246	1,343,348
Shareholders of B3	2,095,339	1,342,943	2,095,339	1,342,943
Non-controlling interests	-	-	907	405

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of changes in equity Years ended December 31, 2018 and 2017 (In thousands of reais)

	Attributable to shareholders of B3											
	Notes	Capital	Capital reserve	Revaluation reserves (Note 12(c))	Income reserves (Note 12(e))		Treasury shares (Note 12(b))	Other comprehensive income	Retained earnings	Total	Non-controlling interests	Total Equity
					Legal reserve	Statutory reserves						
Balances at December 31, 2016		2,540,239	14,327,523	19,603	3,453	2,494,375	(306,022)	(12,701)	-	19,066,470	9,915	19,076,385
Translation adjustments		-	-	-	-	-	-	10,903	-	10,903	-	10,903
Cash flow hedge		-	-	-	-	-	-	(9,488)	-	(9,488)	-	(9,488)
Available-for-sale financial instruments		-	-	-	-	-	-	44,999	-	44,999	-	44,999
Comprehensive income of subsidiary		-	-	-	-	-	-	(583)	-	(583)	-	(583)
Actuarial gains from post-employment health care benefits, net of taxes		-	-	-	-	-	-	872	-	872	-	872
Total comprehensive income		-	-	-	-	-	-	46,703	-	46,703	-	46,703
Capital increase		658,416	4,065,664	-	-	-	-	-	-	4,724,080	-	4,724,080
Realization of revaluation reserves - subsidiaries		-	-	(585)	-	-	-	-	585	-	-	-
Transfer of treasury shares – stock grant plan		-	(83,543)	-	-	-	84,263	-	-	720	-	720
Recognition of stock grant plan and stock option		-	89,722	-	-	-	-	-	-	89,722	-	89,722
Transfer of actuarial liabilities		-	-	-	-	-	-	-	(1,234)	(1,234)	-	(1,234)
Net income for the year		-	-	-	-	-	-	-	1,296,240	1,296,240	405	1,296,645
Allocations of profit:												
Interest on Equity	12(f)	-	-	-	-	-	-	-	(923,007)	(923,007)	-	(923,007)
Set-up of statutory reserves		-	-	-	-	372,584	-	-	(372,584)	-	-	-
Balances at December 31, 2017		3,198,655	18,399,366	19,018	3,453	2,866,959	(221,759)	34,002	-	24,299,694	10,320	24,310,014

B3 S.A. - Brasil, Bolsa, Balcão

Statement of changes in equity
Years ended December 31, 2018 and 2017
(In thousands of reais)

	Notes	Attributable to shareholders of B3								Non-controlling shareholders	Total equity	
		Capital	Capital reserve	Revaluation reserve (Note 15(c))	Income reserves (Note 12(e))		Treasury shares (Note 15(b))	Other comprehensive income	Retained earnings			Total
					Legal reserve	Statutory reserve						
Balances at December 31, 2017		3,198,655	18,399,366	19,018	3,453	2,866,959	(221,759)	34,002	-	24,299,694	10,320	24,310,014
Translation adjustments		-	-	-	-	-	-	20,494	-	20,494	-	20,494
Cash flow hedge		-	-	-	-	-	-	(2,684)	-	(2,684)	-	(2,684)
Financial instruments measured at fair value through comprehensive income		-	-	-	-	-	-	(2,563)	-	(2,563)	-	(2,563)
Comprehensive income of subsidiary		-	-	-	-	-	-	(17)	-	(17)	-	(17)
Market to market of equity instruments, net of taxes								(7,335)	-	(7,335)	-	(7,335)
Total comprehensive income		-	-	-	-	-	-	7,895	-	7,895	-	7,895
Capital increase	12(a)	350,000	(350,000)	-	-	-	-	-	-	-	-	-
Realization of revaluation reserves - subsidiaries		-	-	(587)	-	-	-	-	587	-	-	-
Transfer of treasury shares - stock grant plan		-	(55,758)	-	-	-	55,758	-	-	-	-	-
Recognition of stock grant plan and stock options		-	72,570	-	-	-	366	-	-	72,936	-	72,936
Net income for the year		-	-	-	-	-	-	-	2,087,444	2,087,444	907	2,088,351
Allocations of profit:												
Interest on Equity	12(f)	-	-	-	-	-	-	-	(1,435,000)	(1,435,000)	-	(1,435,000)
Set-up statutory reserves		-	-	-	-	653,031	-	-	(653,031)	-	-	-
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

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of cash flow Years ended December 31, 2018 and 2017 (In thousands of reais)

		B3		Consolidated	
	Notes	2018	2017	2018	2017
Cash flow from operating activities					
Net income for the years		2,087,444	1,296,240	2,088,351	1,296,645
Adjustments for:					
Depreciation and amortization	6(b), 7 and 8	951,579	505,109	953,105	715,560
Impairment of assets		8,722	65,508	8,722	65,508
Deferred income tax and social contribution		259,837	169,890	259,742	187,570
Equity pick-up	6(a)	(275,561)	(23,303)	(2,147)	(1,165)
Stock option and stock grant plan expenses	15(a)	72,216	89,636	72,216	89,636
Interest expenses	20	432,559	484,928	371,902	482,486
Provision for tax, civil and labor contingencies		87,290	50,305	80,081	60,072
Derivative financial instruments - Swap		(268,948)	118,893	(268,948)	118,893
Exchange rate variation – Fair value hedge	9	346,882	29,927	346,882	29,927
Exchange rate variation - loans taken out from subsidiaries	9	261,527	494	85,020	21,882
Marked to market of fundraising	9	(27,867)	(6,425)	(27,867)	(6,425)
Exchange rate variation of judicial deposits		(15,013)	(10,870)	(15,043)	(10,870)
Other		12,827	21,552	21,039	18,089
Adjusted Net Income		3,933,494	2,791,884	3,973,055	3,067,808
Variation in financial investments, marketable securities and collateral for transactions					
		(540,853)	8,671,014	(842,063)	8,751,599
Effect of exchange rate variation on cash flow hedge		(1,057)	(10,735)	(1,057)	(12,052)
Variation in in taxes to be offset and recoverable		254,236	(275,197)	255,171	(269,503)
Variation in accounts receivable		(48,670)	(51,405)	(49,665)	(43,998)
Variation in other receivables		26,605	(825)	28,566	(3,387)
Variation in prepaid expenses		(4,278)	21,574	(4,276)	24,003
Variation in judicial deposits		(1,935)	(11,761)	(1,935)	(15,562)
Variation in earnings and rights on securities in custody		(3,277)	10,925	(3,277)	10,925
Variation in suppliers		55,542	31,610	56,723	(31,116)
Variation in taxes and contributions payable		(52,854)	49,903	(66,026)	41,565
Variation in salaries and social charges		58,007	15,929	57,725	(236,158)
Variation in other liabilities		(29,761)	25,714	257,254	(12,023)
Variation in revenues to be allocated		13,722	3,382	13,722	4,200
Variation in provision for tax, civil, and labor contingencies		(7,403)	(65,681)	(7,403)	(64,167)
Variation in post-retirement health care benefits		-	(21,080)	-	(21,080)
Net cash from operating activities		3,651,518	11,185,251	3,666,514	11,191,054
Cash flow from investing activities					
Cash receipt from disposal of property and equipment					
		4,466	1,961	4,198	2,559
Payment for purchase of property and equipment	7	(143,191)	(100,143)	(143,212)	(100,586)
Dividends and Interest on equity received		47,307	5,816	-	-
Settlement of derivative financial instrument – NDF		(14,960)	(534,083)	(14,960)	(534,083)
Subsidiary Capital Increase	6(a)	(9,494)	(7,913)	-	(7,913)
Purchase of software and projects	8	(126,676)	(118,203)	(127,648)	(124,643)
Acquisition of subsidiary CETIP		-	(8,296,668)	-	(8,296,668)
Cash effect - acquisition of subsidiary		-	5,276	-	3,829
Net cash from investing activities		(242,548)	(9,043,957)	(281,622)	(9,057,505)
Cash flow from financing activities					
Disposal of treasury shares - stock options exercised					
		720	720	720	720
Amortization of principal and interest on loans	9	(1,950,692)	(1,380,004)	(1,901,073)	(1,345,975)
Payment of interest on equity		(1,528,859)	(778,047)	(1,528,859)	(779,143)
Net cash used in financing activities		(3,478,831)	(2,157,331)	(3,429,212)	(2,124,398)
Net increase (decrease) in cash and cash equivalents		(69,861)	(16,037)	(44,320)	9,151
Balance of cash and cash equivalents at beginning of year		4(a)	152,986	169,023	165,320
Balance of cash and cash equivalents at end of year		4(a)	83,125	152,986	121,000

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of value added
Years ended December 31, 2018 and 2017
(In thousands of reais)

	Notes	B3		Consolidated	
		2018	2017	2018	2017
1 – Revenues	17	5,260,039	3,615,649	5,351,875	4,072,109
Registration, trading, clearance and settlement system		4,634,863	2,989,705	4,676,709	3,402,177
Other revenues		625,176	625,944	675,166	669,932
2 - Goods and services acquired from third parties		724,120	767,897	737,074	823,615
Expenses (a)		715,398	702,389	728,352	758,107
Impairment of assets		8,722	65,508	8,722	65,508
3 - Gross value added (1-2)		4,535,919	2,847,752	4,614,801	3,248,494
4 - Retentions		951,579	505,109	953,105	715,560
Depreciation and amortization	6(b), 7 and 8	951,579	505,109	953,105	715,560
5 - Net value added produced by the Company (3-4)		3,584,340	2,342,643	3,661,696	2,532,934
6 - Value added received in transfer		752,372	901,891	490,943	888,293
Equity pickup	6(a)	275,561	23,303	2,147	1,165
Financial income	20	476,811	878,588	488,796	887,128
7 - Total value added to be distributed (5+6)		4,336,712	3,244,534	4,152,639	3,421,227
8 - Distribution of value added		4,336,712	3,244,534	4,152,639	3,421,227
Personnel and charges		711,709	552,417	727,617	628,339
Board and committee members' compensation		14,303	13,692	14,303	13,973
Taxes, charges and contributions (b)					
Federal		658,725	530,738	689,264	629,930
Municipal		88,601	57,080	90,626	58,719
Financial expenses	20	775,930	794,367	542,478	793,621
Interest on equity and dividends	12 (f)	1,435,000	923,007	1,435,000	923,007
Set up of statutory reserve		652,444	373,233	653,351	373,638

(a) Expenses (excludes personnel, board and committee members' compensation, depreciation, taxes and charges).

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

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

1. Operations

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

On March 29, 2017, B3 concluded the business combination and became the controlling shareholder of CETIP S.A. - Mercados Organizados ("CETIP") and, from that date onwards, results were consolidated. The services of registration, central depository, trading and settlement of assets and securities, in addition to rendering of information electronic delivery services for the registration of financing agreements and recording of encumbrances by transit agencies, are now provided by B3 due to the merger occurred on July 3, 2017, when the results generated became part of the individual result of B3.

B3 is primarily engaged controlling or holding interest in entities that perform the following activities:

- Management of organized securities markets, ensuring the organization, operation and development of free markets open to negotiation of any types of securities or contracts based on or backed by financial assets, indices, indicators, rates, goods, currencies, energy products, transportation products, commodities, and other assets or rights directly or indirectly related thereto, for spot or future settlement;
- Maintenance of environment or systems appropriate for conducting purchases and sales, auctions and special operations involving securities, notes, rights and assets, in the exchange market and organized OTC market;
- Provision of registration, clearing, and physical and financial settlement services, by means of an internal facility or entity especially organized for this purpose, which may or may not act as central counterparty and guarantor of final settlement, under the terms of legislation currently in force and their internal regulations;
- Provision of central depository and fungible and non-fungible custody services for goods, marketable securities and any other physical and financial assets;
- Provision of services relating to standardization, classification, analysis, quotations, statistics, professional training, studies, publications, information, libraries and software development relating to subjects of interest to B3 and the participants in the markets directly or indirectly managed by B3;
- Provision of technical, administrative and management support for the purposes of market development, and educational, promotional and publishing activities relating to its corporate purpose and the markets managed by B3;
- Provision of services to effect the registration of liens and encumbrances on securities, notes and other financial instruments, including registration of instruments constituting collateral, in compliance with the applicable rules and regulations;
- Provision of services associated with support for credit, financing and lease operations, including by means of the development and operation of information technology and data processing systems,

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

involving the automotive vehicle and real estate segments, among others, in compliance with the applicable rules and regulations;

- The construction of a database and related activities;
- Other activities authorized by the Brazilian SEC (CVM) or Central Bank of Brazil, which B3 Board of Directors considers to further the interests of participants in the markets managed by B3 and to contribute to their development and health; and
- Holding interest in other companies or associations based in Brazil or abroad, as a member, partner or shareholder, albeit not necessarily as controlling shareholder, provided their core activities are those expressly mentioned in the Company's Articles of Association or the Board of Directors regards such participation as furthering the interests of participants in the markets managed by B3 and contributing to their development and health.

Concomitantly, B3:

- Organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearing houses, and include transactions involving securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (SELIC);
- Manages organized over-the-counter markets, that is, trading and registration of securities, public and private fixed income securities and over-the-counter derivatives. It is a systemically important clearing and settlement house, under the terms defined by the Brazilian Payments System legislation (Law No. 10214), which keeps written custody of assets and contracts, registers transactions performed in the over-the-counter market, processes financial settlements and offers the market an electronic platform for performing various types of online transactions, such as auctions and trading of public, private and fixed income securities;
- Develops technology solutions and maintains high performance systems, providing its customers with security, agility, innovation and cost effectiveness. The success of its activities depends on the ongoing improvement, enhancement and integration of its trading and settlement platforms and its ability to develop and license leading-edge technologies required for the good performance of its operations; and
- Provides information on additions and eliminations of financial restrictions related to vehicle financing transactions, with an integrated nation-wide electronic system, providing critical infrastructure to the vehicle financing market.

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

2. Preparation and presentation of financial statements

This financial statements was approved by the Board of Directors of B3 on February 21, 2019.

The financial statements were prepared and is presented in accordance with accounting practices adopted in Brazil.

All significant information used by Management in managing B3 is evidenced in these financial statements according to Accounting Guidance OCPC 07.

a) Consolidated financial statements

The consolidated financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), implemented in Brazil through the Brazilian FASB (CPC) and their technical interpretations (ICPC) and guidance (OCPC), approved by the Brazilian SEC (CVM).

The consolidated financial statements include the balances of B3 and its subsidiaries, as well as special purpose entities comprising investment funds, as follows:

	% - Ownership Interest	
	<u>2018</u>	<u>2017</u>
Direct subsidiaries and controlled entities:		
Banco B3 S.A. (Previously Banco BM&FBOVESPA de Liquidação e Custódia S.A)	100.00	100.00
Bolsa de Valores do Rio de Janeiro – BVRJ (“BVRJ”)	86.95	86.95
BM&F (USA) Inc.	-	100.00
BM&FBOVESPA (UK) Ltd.	100.00	100.00
BM&FBOVESPA BRV LLC	100.00	100.00
B3 Inova USA LLC	100.00	100.00
CETIP Info Tecnologia S.A.	100.00	100.00
CETIP Lux S.à.r.l.	100.00	100.00

Exclusive investment funds:

BB Pau Brasil Fundo de Investimento Renda Fixa
Bradesco Fundo de Investimento Renda Fixa Longo Prazo Eucalipto
Imbuia FI Renda Fixa Referenciado DI

In order to serve its customers and satisfy the specificities of the market in which it operates, by means of its wholly-owned subsidiary, Banco B3 S.A, the Company offers rights of access holders and B3 clearing houses the centralization of custody of the assets deposited as guarantee margin for operations.

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

Subsidiary BM&FBOVESPA (UK) Ltd., located in London, represents B3 abroad, through relationships with other stock exchanges and regulators, and assists in the procurement of new customers for the market. BM&F (USA) Inc. closed down at December 31, 2018. Customers and intermediaries located in the USA and Canada will be covered by EY São Paulo Office.

BM&FBOVESPA BRV LLC., jointly with B3, is the co-owner of all intellectual property rights related to the stock module of PUMA Trading System platform and any other modules jointly developed by the parties, the ownership of which is assigned to B3. Since it is primarily a subsidiary engaged in protecting rights, this special purpose entity is not expected to have operating activities.

Based in Luxembourg, Cetip Lux S.à.r.l is engaged in the acquisition of interests in the capital of any entities or companies established in any form, and in the raising of funds

Cetip Info Tecnologia SA is a corporation headquartered in Santana de Parnaíba, in the state of São Paulo, whose corporate purpose is to provide services involving data processing and management of information technology systems, advisory and commercial representation for its own account and on behalf of third parties, intermediation of businesses in general, except in the real estate segment, and holding interests in the capital of other companies, either in the same segment or not.

B3 Inova USA LLC, headquartered in the city of Wilmington, USA, is engaged in investing capital in entities or companies established for any purpose.

b) *Individual financial statement*

The individual financial statements (B3) were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in the Brazilian Corporate Law (Law No. 6404/76) as amended by Laws No.11638/07 and No. 11941/09, and the pronouncements, interpretations and guidelines of the Brazilian Financial Accounting Standards Board (CPC), as approved by the Brazilian Securities and Exchange Commission (CVM).

c) *Functional currency*

The individual and consolidated financial statements were prepared and are presented in Brazilian reais, which is the functional currency of B3.

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

3. Summary of significant accounting practices

a) Consolidation and investments

Subsidiaries

The consolidated financial statements comprise the financial statements of B3 and of its subsidiaries, whose accounting practices are changed when necessary to ensure consistency with the practices adopted by B3.

B3 includes its subsidiaries in the consolidated financial statements as from the moment when control over these subsidiaries is obtained, i.e. when B3 is exposed or entitled to variable returns based on its involvement with the investee and is able to affect such returns by means of the power exercised.

In the individual financial statements, investments in subsidiaries are accounted for under the equity method and fully consolidated for purposes of presentation in the consolidated financial statements.

Assets, liabilities, revenues and expenses are included in accordance with their nature in the consolidation process, less intercompany transactions. B3 investment is eliminated, recorded against equity of the subsidiaries. Unrealized losses are also eliminated, unless the transactions provides evidence of impairment.

Associates

Investments in associates are recorded using the equity method and are initially recognized at cost. B3's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment.

B3 applies the equity method to assess investments in companies in which B3 has significant influence. B3's judgment as regards the level of influence on investments takes into consideration key factors, such as interest percentage, representation in the Board of Directors, participation in the definition of policies and businesses, and material intercompany transactions.

b) Revenue recognition

First-time adoption of CPC 47/IFRS 15 – First-time revenue from contracts with customers

B3 first-time adopted CPC 47/IFRS 15 - Revenue from Contracts with Customers, effective for annual periods beginning on or after January 1, 2018, which replaces CPC 30 (R1)/IAS 18 - Revenue, and establishes the principles for measurement, recognition and disclosure of revenues.

The adoption of CPC 47/IFRS 15 did not change the recognition of B3's revenues, accordingly no adequacy was required.

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Revenues comprise the fair value of the consideration received or receivable for the rendering of services in the ordinary course of B3 activities.

Revenues from the rendering of services, from trading and settlement systems, as well as from recording of assets derivatives and financing agreements (*SC - Contract System*) are recognized upon completion of the transactions, under the accrual method of accounting. The amounts received as annual fees, as in the cases of listing of securities and certain contracts for sale of market information, revenue from the inclusion of financial restrictions (*SNG - Sistema Nacional de Gravames*), permanent assets and of monthly use are recognized proportionally in P&L in relation to the service provision term.

c) *Financial Instruments*

First-time adoption of CPC 48/IFRS 9 – Financial Instruments

B3 first-time adopted CPC 48/IFRS 9 - Financial Instruments, effective for annual periods beginning on or after January 1, 2018, which replaces CPC 38/IAS 39 - Financial Instruments that was effective until the year ended December 31, 2017.

Under the scope of CPC 48/IFRS 9, B3 decided not to restate comparative information for 2017, therefore, the information corresponding to financial instruments is not comparable with the information presented for 2018.

It is B3's policy to continue to apply hedge accounting in accordance with CPC 38/IA 39 and the Company assesses if results generated through the tests performed are within the 80% to 125% effectiveness range.

The measurement categories previously adopted by CPC 38/IAS 39 (fair value through profit or loss (FVTPL)), held to maturity (HTM), loans and receivables (LR) and available for sale (AFS) have been replaced by Amortized Cost (AC), Fair value through profit or loss (FVTPL) and Fair value through other comprehensive income (FVTOCI).

Estimated losses (impairment)

As a result of adoption of CPC 48/IFRS 9, B3 changed the methodology for calculating estimated losses (Note 5). Since the customers' portfolio is mostly realized within 90 days and, therefore, has no significant financing component, B3 applied the simplified approach methodology for calculating estimated losses, as permitted by that standard, which is based on an analysis of expected losses.

(i) Classification and measurement

B3 classifies its financial assets and liabilities on initial according to its business model and contractual flows.

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IFRS 9 Transition

The impacts arising from the first-time adoption of CPC 48/IFRS 9 on financial statements, on account of B3's business model, is presented below.

	CPC 38 / IAS 39 - 01/01/2018			Reclassification		Category (*)	CPC 38 / IAS 39 - 01/01/2018	
	Category (*)	B3	Consolidated	B3	Consolidated		B3	Consolidated
Financial assets								
Financial investment fund	FVTPL	5,044,871	1,977,745	-	-	FVTPL	5,044,871	1,977,745
Federal government securities (exclusive investment funds)	FVTPL	1,091,519	2,541,011	(1,091,378)	(1,091,378)	FVTPL	141	1,449,633
Repurchase agreements	FVTPL	-	2,168,547	-	-	FVTPL	-	2,168,547
Other investments	FVTPL	14,050	15,413	-	-	FVTPL	14,050	15,413
Federal government securities	AFS	-	96,733	-	(96,733)	-	-	-
Shares	AFS	324,651	324,651	(324,651)	(324,651)	-	-	-
Federal government securities	-	-	-	1,091,378	1,188,111	FVTOCI	1,091,378	1,188,111
Shares	-	-	-	324,651	324,651	FVTOCI	324,651	324,651
Derivative financial instruments (hedge)	FVTPL	15,581	15,581	-	-	FVTPL	15,581	15,581
Accounts receivable (1)	Receivables	273,861	278,441	-	-	AC	273,861	278,441
Related parties	Receivables	1,600	332	-	-	AC	1,600	332
Total assets		6,766,133	7,418,454	-	-		6,766,133	7,418,454
Financial liabilities								
Interest payable on debt issued abroad	AC	59,531	59,531	-	-	AC	59,531	59,531
Loans	AC	1,612,796	552,230	-	-	AC	1,612,796	552,230
Debentures	AC	3,010,601	3,010,601	-	-	AC	3,010,601	3,010,601
Collateral for transactions	FVTPL	2,171,449	2,171,449	-	-	FVTPL	2,171,449	2,171,449
Supplies	AC	133,113	133,846	-	-	AC	133,113	133,846
Related parties	AC	619	391	-	-	AC	619	391
Debt issued abroad (hedge)	FVTPL	2,012,331	2,012,331	-	-	FVTPL	2,012,331	2,012,331
Derivative financial instruments (hedge)	FVTPL	21,345	21,345	-	-	FVTPL	21,345	21,345
Total liabilities		9,021,785	7,961,724	-	-		9,021,785	7,961,724

(1) The impact of the remeasurement of expected loss on accounts receivable in accordance with CPC 48/IFRS 9 was an increase of R\$1,646.

(*) Legend:

FVTPL - Fair value through P&L

FVTOCI - Fair value through other comprehensive income

AC - Amortized cost

AFS - Available for sale

Financial investment funds remained classified as measured at fair value through profit or loss. Federal government securities that were classified as measured at fair value through profit or loss were mostly reclassified to measured at fair value through other comprehensive income. The effect of this reclassification in December 31, 2018 was R\$3,200 (Expenses), net of taxes, which is now recorded in equity and no longer in P&L. There was no category reclassification for the other financial assets and liabilities.

Except for the change in the method for computing historical losses on accounts receivable, the financial instruments were not remeasured upon adoption of CPC 48/IFRS 9.

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Cash and cash equivalents

B3 considers that the balances of cash and cash equivalents for cash flow statement purposes comprise cash in kind and bank deposits.

Amortized cost

Financial assets measured at amortized cost are nonderivative financial assets that are designated by the entity in this category, for which the purpose of the business model adopted is to maintain the assets to receive contractual cash flows on specific dates (principal and interest). Nonderivative financial liabilities are classified at amortized cost, except when such classification does not result in more adequate information.

This category includes:

Receivables

B3 receivables mostly comprise trade accounts receivable. They are initially recorded at transaction cost and subsequently at amortized cost, using the effective interest rate method less any impairment loss.

Loans and debentures

Loans and debentures are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the funds raised (net of transaction costs) and the amount repayable is recognized in the income statement over the period of the loans, using the effective interest rate method.

Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are nonderivative financial assets that are designated by the entity in this category, where the purpose of the business model adopted is to receive contractual cash flows on specific dates (principal and interest) and, in case of disposal. Interest is calculated using the effective interest rate method and is recognized in the income statement as financial result. The amount referring the change in fair value is recorded in comprehensive income, net of taxes, matched against P&L upon its settlement or impairment loss, except for equity instruments.

The option to designate equity instruments as measured at fair value through other comprehensive income is irrevocable. The amount referring the change in fair value recorded in comprehensive income will no longer be transferred to P&L upon its settlement. The amounts received are recognized in P&L.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets not classified in the categories above due to the business model adopted, or assets designated by the entity upon initial

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recognition. Gains or losses arising from the changes in fair value of financial instruments are recorded in the income statement under "Financial result" for the period in which they occur.

This category Includes:

Collaterals for transactions

These comprises amounts received from market members as collateral for default or insolvency. Amounts received in cash are recorded as liabilities and other collaterals are managed off-balance sheet. Both types of collateral received are not subject to interest or any other charges.

(ii) Derivative financial instruments

B3 uses derivative financial instruments to hedge its assets and liabilities against market risks, especially those related to foreign currencies.

Derivative financial instruments designated in hedging transactions are initially recognized at fair value on the date in which the derivative agreement is entered into, being subsequently revaluated also at fair value. Derivatives are recorded as financial assets when the financial instrument fair value is positive, and as financial liabilities when fair value is negative.

Any gains or losses from changes in fair value of derivatives over the fiscal year are recorded directly in P&L, except for the effective portion of the cash flow hedge, which is recognized directly in equity under other comprehensive income, and subsequently reclassified to P&L when the hedge item affects P&L.

(iii) Hedge accounting

Upon entering a hedging transaction, B3 prepares formal documentation containing: (i) hedge objective; (ii) hedge type; (iii) nature of hedged risk; (iv) identification of hedged item; (v) identification of hedging instrument; (iv) assessment of the correlation between hedge and hedged item (retrospective effectiveness test); and (vii) prospective effectiveness assessment.

Fair value hedge

Any gain or loss from changes in the fair value of derivative instruments designated as hedging instruments, as well as hedged assets or liabilities (hedged item) are recognized in financial result.

Cash flow hedge

Any gain or loss in the hedging instrument related to the effective hedge portion is recognized under equity, in "Other comprehensive income", net of tax effects. Consequently, the exchange rate variation in hedging instruments, previously recognized in financial result prior to its recognition as a hedging instrument, accumulates in equity and is transferred to P&L for the same period and the same account group under which the hedged transaction is recognized. When the hedged transaction implies recognition of a nonfinancial asset, gains and losses recognized in equity are transferred and included in the initial measurement of the asset cost. The non-effective portion of the hedge is immediately recognized in P&L.

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Hedge effectiveness analysis

B3 adopts the dollar offset method for retrospective effectiveness test, which takes into consideration the ratio at fair value or present value of accumulated gains or losses in the hedging instrument with gains or losses on hedged item for hedged risk. The approaches used for analyses consist of the hypothetical derivative approach and benchmark rate approach for retrospective tests and sensitivity analysis approach for prospective tests.

d) *Prepaid expenses*

These are represented by agreements entered into with suppliers deriving from prepayment of various services rendered. Expenses are allocated to the statement of profit or loss over the term of each agreement and to the extent that the services are received.

e) *Noncurrent assets held for sale*

Noncurrent assets are classified as held for sale when their book value is recoverable, especially by means of a sale transaction and when this sale is virtually certain. These assets are measured at the lower of book value and fair value, less costs to sell.

f) *Intangible assets*

Goodwill

Goodwill recorded in intangible assets arises from acquisitions conducted by B3 and is stated at cost less accumulated impairment losses. Recognized impairment losses on goodwill are not reversed.

Contractual relationships

Contractual relationships, acquired in a business combination, are recognized at fair value at acquisition date. The contractual relationships have finite useful lives and are accounted for at cost less accumulated amortization. Amortization is calculated using the straight-line method over the expected life of the contractual relationship.

Software and projects

Software licenses acquired are capitalized based on incurred costs and amortized over their estimated useful life.

Costs associated with software development or maintenance are expensed as incurred. Expenditures directly associated with the development of identifiable and unique software, controlled by B3 and which will probably generate economic benefits greater than the costs for more than one year, are recognized as intangible assets.

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Amortization expense is recognized in P&L unless such expense is included in the carrying amount of another asset. In these cases, amortization of intangible assets used for development activities is included as part of the cost of another intangible asset.

Expenditures for development of software recognized as assets are amortized using the straight-line method over the assets' useful lives.

g) *Property and equipment*

Property and equipment items are recorded at acquisition, build-up or construction cost, less accumulated depreciation. Depreciation is calculated under the straight-line method and takes into consideration the estimated useful lives of the assets and their net book value. At the end of each period, the net book value and useful life of assets are reviewed and adjusted if necessary.

Subsequent costs are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when future economic benefits are likely to flow to the Company and the cost of the item can be reliably measured. All other repair and maintenance costs are matched against P&L, as incurred.

Depreciation expense is recognized in P&L unless such expense is included in the carrying amount of another asset. Depreciation of property and equipment items used for development activities is included as part of the cost of an intangible asset.

h) *Contingent assets and liabilities, provisions for tax, civil and labor obligations*

The recognition, measurement, and disclosure of provisions for tax, civil and labor contingencies, contingent assets and liabilities, and legal obligations comply with the criteria defined in CPC 25/IAS 37.

i) *Judicial deposits*

Judicial deposits are related to legal proceedings of a tax, civil and labor nature, and are monetarily adjusted and presented in noncurrent assets

j) *Other assets and liabilities*

These are stated at their known and realizable/settlement amounts plus, where applicable, related earnings and charges and monetary and/or exchange rate variations up to the statement of financial position date.

k) *Impairment of assets*

Indefinite-lived assets, such as goodwill, are not subject to amortization and are tested annually for impairment, and in case of any indications of impairment, they are reassessed in shorter periods. Finite-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their book value may not be recoverable. Impairment losses are recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The

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recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For impairment valuation purposes, assets are grouped at the lowest levels for which there are separately identifiable cash flows (i.e., cash generating units - CGUs). Non-financial assets other than goodwill that were subject to impairment are reviewed subsequently for possible reversal of the impairment at the reporting date.

I) *Employee Benefits*

(i) *Pension obligations*

B3 maintains a defined contribution retirement plan with voluntary participation open to all employees. B3 has no obligations to make additional payments as a sponsor. The regular contributions are included in personnel costs in the period in which they are due.

(ii) *Share-based incentives*

B3 maintains a long-term incentive plan. Until 2014, B3 granted stock options under its Stock Option Plan, reason why there are outstanding shares not yet exercised. From 2015 onwards, B3 started to grant shares under its Stock Grant Plan (Share Plan). The objective is to give B3 employees and subsidiaries the opportunity to become B3 shareholders, obtaining a greater alignment between its interests and the shareholders' interests as well as allow B3 and its subsidiaries to attract and retain their management and employees. The fair value of options and shares granted is recognized as an expense during the vesting period (the period during which the specific vesting conditions must be met). At the statement of financial position date, B3 reviews its estimates of the number of options and shares that will vest based on the established conditions. B3 recognizes the impact of any changes to the original estimates, if any, in the statement of profit and loss, marched against capital reserve in equity. As for cash-settled share-based compensation programs, fair value payable to the Company officers is recognized as an expense together with a corresponding increase in liabilities for the period in which the officers acquire the right to payment. The liability is remeasured at the statement of financial position date and at settlement date. Changes, if any, in the fair value of liabilities are recognized as personnel expenses in the statement of profit and loss.

(iii) *Profit sharing*

B3 has annual variable compensation, recorded and paid in cash through the Profit Sharing Program. The program defines the potential multiples of monthly salary, based on individual performance indicators, which consider factors specific to each function (job level), and B3 overall performance indicators. Provision for profit sharing program is recorded on an accrual basis.

m) *Foreign currency translation*

Items included in the financial statements for each of the consolidated companies of B3 are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Brazilian Reais, which is the functional currency of B3.

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Transactions in foreign currency are translated into Brazilian reais using the exchange rates prevailing on the dates of the transaction or valuation on which the items are remunerated. Exchange gains and losses arising from settlement of these transactions and translation at year-end exchange rates, referring to monetary assets and liabilities in foreign currency, are recognized in statement of profit or loss, except when deferred in other comprehensive income relating to a foreign investment hedge operation.

In the case of exchange gains/losses on foreign investments, whose functional currency is not the Brazilian real, variations in the investment amount deriving exclusively from exchange rate variation are recorded under "Equity adjustments" in other comprehensive income, and are only taken to P&L for the period when the investment is sold or written off.

n) Taxes

B3 is a for-profit business corporation and accordingly, its results are subject to certain taxes and contributions.

(i) Current and deferred income and social contribution taxes

Current and deferred income and social contribution taxes of B3 and Banco B3 is calculated at the rate of 15%, plus a surtax of 10% on taxable profit exceeding R\$240 thousand whereas social contribution is calculated at 9% on taxable profit (20% for Banco B3), and take into consideration income and social contribution tax losses to be offset, to the limit of 30% of taxable profit.

Deferred income and social contribution taxes are calculated on respective tax losses, and temporary differences between the tax base on assets and liabilities and their carrying amounts contained in the financial statements

Deferred tax assets are recognized to the extent that future taxable profit is likely to be available to offset temporary differences and/or tax losses.

Bolsa de Valores do Rio de Janeiro (BVRJ) is a not-for-profit entity, therefore exempt from income and social contribution taxes.

(ii) Other taxes

The other taxes charged over trading, clearing and settlement fees and other services were calculated at the rates of 1.65% for PIS and 7.60% for COFINS, except for the financing segment (UFIN), which is calculated at 0.65% (PIS) and 3% (COFINS).

Banco B3 calculates PIS and COFINS at the rates of 0.65% and 4%, respectively.

Cetip Info Tecnologia S.A. calculates PIS and COFINS at the rates of 0.65% and 3%, respectively.

B3 and its subsidiaries pay Service Tax (ISS) on services rendered at rates ranging from 2% to 5% depending on the nature of the service.

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o) Earnings per share

For purposes of disclosure of earnings per share, basic earnings per share are calculated by dividing profit attributable to B3 shareholders by the average number of shares outstanding in the period. Diluted earnings per share are calculated similarly, except that the quantity of outstanding shares is adjusted to reflect additional shares that would have been outstanding if potentially dilutive shares had been issued for granted stock options in the respective periods.

p) Payment of dividends and interest on equity

Dividends and interest on equity paid to B3 shareholders are recognized as a liability in the financial statements at the dates when approved by the Board of Directors, based on B3's Articles of Incorporation. The tax benefit over the interest on equity is recorded in the statement of profit and loss.

q) Information by segment

Operating segments are presented in a manner consistent with the internal reports provided to the Executive Board, which is responsible for making B3's main operational decisions and implementing the strategies defined by the Board of Directors.

r) Current and noncurrent assets and liabilities

Assets and liabilities are classified as current whenever their realization or settlement is deemed to occur within the following twelve months (or another term that follows the normal cycle of B3). They are otherwise stated as noncurrent.

s) Significant accounting judgments and estimates

Preparation of the financial statements requires the use of certain significant accounting estimates as well as professional judgment by Company management in the process of applying B3's accounting policies. The areas that require a higher level of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for the consolidated financial statements are as follows:

- Equity pickup - Notes 3(a) and 6(a)
- Impairment of assets- Notes 3(k), 7 and 8
- Financial instrument fair value calculation and classification – Notes 3(c) and 4
- Share-based compensation – Notes 3l(ii) and 15(a) and (b)
- Provisions for tax, civil and labor contingencies, contingent assets and liabilities – Notes 3(h) and 11
- Estimated useful lives of property and equipment and intangible assets – Notes 3(f)(g), 7 and 8

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t) *Accounting pronouncements issued recently and applicable to future periods*

The pronouncement below was issued by IASB and is mandatory for the subsequent fiscal years, without early adoption by B3.

IFRS 16/CPC 06 (R2) – Leases – issued in January 2016, effective as from January 2019, to replace IAS 17 – Leases, establishes the principles for recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases using a single model in the statement of financial position, similar accounting for finance leases under CPC 06 (R1). This standard exempts lessees from recognizing leases of “low value” assets and short-term leases.

On the start date of a lease, the lessee will recognize a liability for lease payments and an asset representing the right to use the underlying asset during the lease term. Interest expenses on the lease liability and the depreciation expense on the right-to-use asset are recognized separately in the lessee’s statement of profit or loss.

The lease liability will be remeasured upon events such as change in the lease term, change in future lease payments, change in an index or rate used for determining payments. The lessee will recognize the revalued lease liability as an adjustment of the right-to-use asset.

B3 analyzed its base of agreements in effect and identified amounts now presented as property lease of administration offices and Data Center. The expected impact on the adoption of the respective pronouncement is approximately R\$18 million in property, plant and equipment assets (right of use) and in lease liabilities.

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

a) *Cash and cash equivalents*

Description	B3		Consolidated	
	2018	2017	2018	2017
Cash and banks – deposits in local currency	21,078	35,370	868	14,724
Bank checking account in foreign currency	62,047	117,616	120,132	150,596
Cash and cash equivalents	83,125	152,986	121,000	165,320
Bank deposits in foreign currency - Third-party funds (1)	208,687	545,820	208,687	545,820
Total cash and cash equivalents	291,812	698,806	329,687	711,140

- (1) As of December 31, 2018 refers to the restricted resources of third parties linked to the full settlement of derivative transactions (Clearing BM&FBOVESPA) and exchange transactions (Clearing Exchange) and at December 31, 2017 referred to the full settlement of foreign of 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 primarily in US dollars and Euros.

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b) Financial investments and marketable securities

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

Description						B3	
	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	2018	2017
Financial assets measured at fair value through profit or loss							
Financial investment fund (1)	5,046,487	-	-	-	-	5,046,487	5,044,871
Federal government securities							
Financial Treasury Bills (LFT)	-	-	-	99	-	99	815,379
National Treasury Bills (LTN)	-	-	-	-	-	-	139,889
National Treasury Notes (NTN)	-	-	-	-	-	-	136,251
Other investments (3)	17,002	-	-	-	-	17,002	14,050
	5,063,489	-	-	99	-	5,063,588	6,150,440
Financial assets available for sale							
Shares - Minority interest (5)	-	-	-	-	-	-	324,651
	-	-	-	-	-	-	324,651
Financial assets measured at fair value through other comprehensive income							
Federal government securities							
Financial Treasury Bills (LFT)	-	82,294	-	1,021,502	482,190	1,585,986	-
National Treasury Bills (LTN)	-	141,236	8,175	10,989	-	160,400	-
National Treasury Notes (NTN)	-	-	-	138,425	-	138,425	-
Shares- Minority interest (5)	344,162	-	-	-	-	344,162	-
	344,162	223,530	8,175	1,170,916	482,190	2,228,973	-
Total financial investments and marketable securities							
	5,407,651	223,530	8,175	1,171,015	482,190	7,292,561	6,475,091
Current						5,639,356	5,560,397
Noncurrent						1,653,205	914,694

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Description							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	2018	2017	
Financial assets measured at fair value through profit or loss								
Financial investment fund (4)	1,659,851	-	-	-	-	1,659,851	1,977,745	
Repurchase agreements (2)	-	2,012,632	-	-	-	2,012,632	2,168,547	
Federal government securities								
Financial Treasury Bills (LFT)	-	219,085	-	1,493,688	503,458	2,216,231	2,264,871	
National Treasury Bills (LTN)	-	-	-	-	-	-	139,889	
National Treasury Notes (NTN)	-	-	-	-	-	-	136,251	
Other investments (3)	18,503	-	-	-	-	18,503	15,413	
	1,678,354	2,231,717	-	1,493,688	503,458	5,907,217	6,702,716	
Financial assets available for sale								
Federal government securities								
Financial Treasury Bills (LFT)	-	-	-	-	-	-	96,653	
National Treasury Bills (LTN)	-	-	-	-	-	-	34	
National Treasury Notes (NTN)	-	-	-	-	-	-	46	
Shares - Minority interest (5)	-	-	-	-	-	-	324,651	
	-	-	-	-	-	-	421,384	
Financial assets measured at fair value through other comprehensive income								
Federal government securities								
Financial Treasury Bills (LFT)	-	94,863	-	1,100,249	488,369	1,683,481	-	
National Treasury Bills (LTN)	-	141,236	8,175	10,989	-	160,400	-	
National Treasury Notes (NTN)	-	-	-	138,459	15	138,474	-	
Other investments (3)	9,046	-	-	-	-	9,046	-	
Shares- Minority interest (5)	344,162	-	-	-	-	344,162	-	
	353,208	236,099	8,175	1,249,697	488,384	2,335,563	-	
Total financial investments and marketable securities								
	2,031,562	2,467,816	8,175	2,743,385	991,842	8,242,780	7,124,100	
Current						6,487,587	4,926,832	
Noncurrent						1,755,193	2,197,268	

(1) These refer to investments in financial investment funds, whose portfolios mainly comprise investments in federal government securities and government-bond-backed repurchase agreements that have the CDI (Interbank Deposit Certificate rate) as their profitability benchmark. The consolidated balances of exclusive investment funds are presented according to the nature and maturity of the portfolio, however they will be presented in noncurrent assets.

The net assets of the investment funds included in the consolidation process of the financial statements are: (i) BB Pau Brasil FI Renda Fixa, administered by BB Gestão de Recursos DTVM S.A. - R\$505,614

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(R\$938,343 at December 31, 2017); (ii) Bradesco FI Renda Fixa Longo Prazo Eucalipto, administered by Banco Bradesco S.A. - R\$2,417,398 (R\$1,833,811 at December 31, 2017); and (iii) Imbuia FI Renda Fixa Referenciado DI, administered by J. Safra Serviços de Administração Fiduciária Ltda. - R\$488,024 (R\$297,110 at December 31, 2017).

The amount allocated to investments in non-exclusive investment funds totals R\$1,635,451 (R\$1,975,607 at December 31, 2017).

- (2) Obtained from banks with low credit risk and backed by federal government securities.
- (3) These refer mainly to investments in gold and investments of the foreign subsidiary in offshore funds.
- (4) Non-exclusive investment funds are on amount: (i) Bradesco Empresas FICFI Referenciado DI Federal, administered by Banco Bradesco S.A. - R\$13,874 (R\$21,279 at December 31, 2017); (ii) Araucária Renda Fixa FI, administered by Itaú Unibanco S.A. - R\$333,693 (R\$363,241 at December 31, 2017); (iii) Santander Fundo de Investimento Cedro Renda Fixa, administered by Banco Santander (Brasil) S.A. - R\$546,500 (R\$935,491 at December 31, 2017); (iv) Jacarandá Renda Fixa, administered by Votorantim Asset Management DTVM Ltda. - R\$126,487 (R\$51,248 at December 31, 2017); and (v) FI Liquidez Câmara BM&FBOVESPA, administered by Banco B3 S.A. - R\$639,297 (R\$606,486 at December 31, 2017).
- (5) These refer to shares of Bolsa de Comercio de Santiago in the amount of R\$81,265 (R\$80,730 at December 31, 2017); Bolsa Mexicana de Valores - R\$158,963 (R\$136,962 at December 31, 2017); Bolsa de Valores de Colombia - R\$52,885 (R\$52,892 at December 31, 2017) and Bolsa de Valores de Lima - R\$51,049 (R\$54,059 at December 31, 2017) acquired by B3 within its strategy to explore opportunities of partnerships with other stock exchanges.

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's Clearinghouse; 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 of BTG Pactual Chile, Mexico, Peru and Colombia, respectively.

Management periodically monitors the outstanding positions and possible risks of impairment of financial assets. Considering the nature of these assets, B3 has no significant impairment history.

The carrying amount of financial assets is reduced directly for impairment impacting P&L for the year. Subsequent recoveries of amounts previously written off are recognized in P&L for the year.

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. Trade accounts receivable and payable approximate their book value given their short-term maturities, and the fair values of related parties is equal to their book values.

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Derivative financial instruments

Risk factor - currency

B3 takes out derivative financial instruments with the exclusive objective to hedge against the risk of exchange rate fluctuations. B3's exposure to exchange rate risk derives from amounts such as principal of foreign debt and its half-yearly interest, loans, investments in foreign stock exchanges and investment in its foreign subsidiaries.

Management adopts a foreign exchange risk management policy associated with these positions, where the main objective of which is not to allow significant impacts on P&L arising from fluctuations in exchange rates. B3 adopts hedge accounting for these financial instruments.

Investment in foreign subsidiary (Cetip Lux)

	<u>B3</u>	<u>Consolidated</u>
Assets		
Investment in foreign subsidiary	1,304,142	-
Liabilities		
Intercompany loans and loan taken out by subsidiary	(1,834,399)	(586,290)
Net currency exposure	<u>(530,257)</u>	<u>(586,290)</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).

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Cash flow and fair value hedge

At December 31, 2018, the swap consolidated amounts measured at fair value are the following:

								B3 and Consolidated					
								Fair Value		Gain/(Loss) for the year			
Hedge classification	Objeto de hedge	Hedging instrument		Notional value		Notional value - R\$	Maturity	Assets	Liabilities	Nonfinancial assets	Operating expenses	Financial income (expenses)	Equity
Cash Flow	Interest installments – foreign debt (1)	Swap	Assets Liabilities	USD BRL	19,800 61,261	- 64.90% do CDI	01/16/2019	11,905	-	-	-	7,744	(1,928)
Cash Flow	Interest installments – foreign debt (1)	Swap	Assets Liabilities	USD BRL	19,800 61,190	- 64.50% do CDI	07/16/2019	11,500	-	-	-	(1,868)	7,407
Cash Flow	Interest installments – foreign debt (1)	Swap	Assets Liabilities	USD BRL	19,800 65,722	- CDI -3.24%	01/16/2020	9,510	-	-	-	(924)	7,200
Cash Flow	Interest installments – foreign debt (1)	Swap	Assets Liabilities	USD BRL	19,800 65,756	- CDI -3.38%	07/16/2020	9,571	-	-	-	(883)	7,200
Fair Value	Foreign debt	Swap	Assets Liabilities	USD BRL	350,000 1,108,940	- 67.22% do CDI	07/16/2020	119,776	-	-	-	(80,001)	-
Fair Value	Foreign debt (3)	Swap	Assets Liabilities	USD BRL	262,000 870,836	- CDI -3.36%	07/16/2020	118,328	-	-	-	(59,887)	-
Cash Flow	Bolsa Mexicana de Valores Shares (4)	NDF		MXN	660,000		03/12/2019	-	(7,288)	-	-	-	(4,810)
Cash Flow	Bolsa de Comércio de Santiago Shares (4)	NDF		CLP	11,800,000	67,531	03/12/2019	1,434	-	-	-	-	947
Cash Flow	Certain firm commitments (3)	Cash in foreign currency				-	No maturity	-	-	2,320	807	-	-
								282,024	(7,288)	2,320	807	(135,819)	16,016

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

- (1) In September 2017, B3 took out from mostly low credit risk financial institutions with low credit risk two swap transactions, in order to hedge the investment the installment of half-yearly interest of Senior Unsecured Notes (Note 9), from currency risk. In March 2018, new two swap transactions were taken out to hedge half-yearly interest maturing in 2020.
- (2) In January 2018, 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, 2018, regardless of whether the contract terms exceed that date.
- (3) In March 2018, B3 entered into forward swap transactions with financial institutions of low credit risk to provide a rolling hedge for the principal amount of Senior Unsecured Notes.
- (4) In December, 2018, B3 took out from mostly low credit risk financial institutions a non-Deliverable Forward (NDF) in order to hedge the investment in the shares of Bolsa Mexicana de Valores and shares of Santiago Stock Exchange from exchange rate variation.

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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.

At December 31, 2018, B3 had hedging transactions for approximately 82% of the Mexican peso position referring to the Bolsa Mexicana de Valores shares and approximately 81% of the Chilean peso position referring to the Bolsa de comercio de Santiago shares.

d) Financial instruments and risk management

Financial risk management and financial investment policy

B3's policy is for highly liquid financial investments, whose performance is substantially tied to the SELIC/CDI rate, resulting in a significant proportion of federal government securities in its portfolio, purchased directly, via repurchase agreements backed by government securities and also through exclusive and non-exclusive funds. Mostly financial investment have daily liquidity in line with B3's business needs.

B3's carries out transactions with derivative instruments solely and exclusively for equity hedge purposes.

Acquisition or disposal of investments in shares of Latin America Stock Exchanges, are assessed individually and realized only in accordance with the strategic planning approved by the Board of Directors.

In addition, B3 has a Corporate Risk Management Policy, whose purpose is to establish principles, guidelines and responsibilities to be observed in the risk management process, so as to allow identification, assessment, treatment, monitoring and communication of operational, technological, market, liquidity, credit, image and socio-environmental risks.

The Risk and Financial Committees assess market, liquidity, credit and systemic risks of the markets managed by B3, with a strategic and structural focus.

Sensitivity analysis

The table below presents the consolidated net exposure of all financial instruments (assets and liabilities) by market risk factors. At December 31, 2018, significant market risk is represented by the fall in the floating interest rate (CDI/SELIC).

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Exposure to Risk Factors (Consolidated)					
Risk fator	Risk	2018		2017	
		Percentage	Amount	Percentage	Amount
Floating interest rate	Lower SELIC rate	67.39%	5,559,562	51.94%	4,382,694
Floating interest rate	Higher CDI	17.88%	1,474,750	33.54%	2,830,103
Foreign exchange - USD	Higher currency	4.92%	405,468	5.55%	468,385
Share price	Lower price	4.17%	344,174	3.85%	322,370
Fixed interest rate	Lower fixed rate	1.94%	160,400	1.66%	139,924
Foreign exchange – Other	Lower currency	1.83%	150,742	1.68%	142,107
Inflation	Lower inflation rate	1.68%	138,475	1.62%	136,296
Gold	Lower gold price	0.19%	15,879	0.16%	13,608

The ownership structure at Latin America Stock Exchanges is subject to two risk factors simultaneously: currency and share price.

Share price risk

This risk arises from the possibility of fluctuations in the prices of the shares in Latin America Stock Exchanges, which B3 holds in its portfolio and that may affect the amounts involved.

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 factor	Impact				
	-50%	-25%	Probable scenario	+25%	+50%
Bolsa de Comercio de Santiago shares in BRL	(39,635)	(18,820)	1,995	22,810	43,625
Share price in CLP	1,489	2,234	2,978	3,723	4,467
Bolsa de Mexicana de Valores shares in BRL	(77,654)	(37,000)	3,655	44,309	84,964
Share price in MXN	17.13	25.70	34.26	42.83	51.39
Bolsa de Valores da Colombia shares in BRL	(23,890)	(9,393)	5,105	19,602	34,100
Share price in COP	6,568	9,852	13,136	16,420	19,704
Bolsa de Valores de Lima shares in BRL	(25,284)	(12,402)	480	13,362	26,244
Share price in PEN	1.51	2.26	3.01	3.76	4.52

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

Interest rate risk

This risk arises from the possibility of B3 incur losses due to fluctuations in interest rates, affecting its assets and liabilities, resulting in effects on its financial result.

- Floating-rate position

As a financial investment policy and considering the need for immediate liquidity with the least possible impact from interest rate fluctuations, B3 maintains its financial assets and liabilities substantially indexed to floating interest rates.

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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 rate for the next three months, obtained from Bloomberg.

Risk factor	Impact				
	-50%	-25%	Probable scenario	+25%	+50%
CDI	(11,996)	(17,889)	(23,715)	(29,475)	(35,171)
CDI rate	3.22%	4.82%	6.43%	8.04%	9.65%
SELIC	44,439	66,270	87,852	109,190	130,292
SELIC rate	3.22%	4.82%	6.43%	8.04%	9.65%

- Fixed-rate position

B3 has exposure in fixed rates in a small part of its financial investments and securities. However, in terms of percentage, their effects on the portfolio are not considered material.

Currency risk

Currency risk refers to variations in foreign exchange rates that may cause unexpected losses to B3.

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.

Risk factor	Impact				
	-50%	-25%	Probable scenario	+25%	+50%
USD	(201,163)	(99,011)	3,142	105,294	207,446
Exchange rate USD/BRL	1.9524	2.9286	3.9048	4.8810	5.8572
MXN	(14,499)	(7,343)	(188)	6,968	14,124
Exchange rate MXN/BRL	0.0980	0.1469	0.1959	0.2449	0.2939
COP	(26,398)	(13,199)	0	13,199	26,398
Exchange rate COP/BRL	0.0006	0.0009	0.0012	0.0015	0.0018
PEN	(25,519)	(12,754)	10	12,775	25,540
Exchange rate PEN/BRL	0.5742	0.8613	1.1484	1.4355	1.7226

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

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

Liquidity risk

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Liquidity risk arises from the cash need related to the obligations assumed and as a form of management, and B3 constantly evaluates its cash flows, thus ensuring liquidity to fulfill all its obligations. The following table shows the main liability financial instruments of B3 by maturity (undiscounted cash flows):

	No maturity	Within 1 year	From 1 to 2 years	From 2 and 5 years	Above 5 years
Collaterals for transactions	2,110,933	-	-	-	-
Debt issued abroad	-	153,442	153,442	2,371,378	-
Swap (1)	-	22,571	142,663	-	-
NDFs (2)	-	6,303	-	-	-
Debentures	-	1,598,593	-	-	-
Loan in dollars	-	219,472	397,887	-	-
FINEP loan	-	4,636	3,465	7,366	5,517
	2,110,933	2,005,017	697,457	2,378,744	5,517

(1) For the adjustment calculation, CDI curve was used from December 31, 2018 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. Swaps and NDFs contracted as hedge transactions are mostly engaged with banks exposed to low credit risk.

Capital management

B3's objectives in managing its capital are to safeguard its ability to continue as a going concern in order to provide return for its shareholders and for other stakeholders, as well as to maintain an optimal target capital structure to reduce the cost of capital. In order 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 December 31, 2018, the consolidated position of loans, financing and debentures added to the guarantees in operations and earnings and rights on securities under custody are R\$2,167,261 lower when compared with the consolidated position of cash and cash equivalents and financial investments.

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	Consolidated	
	2018	2017
Cash and cash equivalents/financial investments	8,572,467	7,835,240
Loans and financing, debentures and derivative financial instruments	(4,234,423)	(5,640,457)
Collateral for transactions	(2,110,933)	(2,171,449)
Earnings and rights on securities under custody	(59,850)	(63,127)
	2,167,261	(39,793)

5. Trade accounts receivable

Breakdown of accounts receivable is as follows:

Description

	B3		Consolidated	
	2018	2017	2018	2017
Fees	120,566	105,251	120,566	106,970
Trust and custodian fees	120,250	110,122	120,250	110,122
Vendors- Signal broadcasting	26,649	19,188	31,466	21,491
Database management	30,339	25,210	30,339	25,210
Data processing	5,623	4,772	5,623	4,772
Annual fees	977	842	977	842
Other accounts receivable	19,772	10,808	20,399	11,366
Subtotal	324,176	276,193	329,620	280,773
Estimated losses on accounts receivable	(5,798)	(2,332)	(5,798)	(2,332)
Total	318,378	273,861	323,822	278,441

The amounts presented above are primarily denominated in Brazilian reais and approximately 90% falls due within 90 days. At December 31, 2018, the amounts overdue above 90 days totaled R\$3,465 (R\$2,086 at December 31, 2017) at B3 and in the consolidated.

The effect on the year ended December 31, 2018, as a result of the adoption of CPC 48/IFRS 9, was an increase of R\$1,920 compared with the methodology used prior to the adoption of this new practice. The new methodology used by B3 is the simplified approach, in accordance with CPC 48/IFRS 9 and is based on an analysis of expected losses, as stated in Note 3 (b).

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Changes in estimated losses on accounts receivable:

	B3 and Consolidated
Balance at December 31, 2016	2,011
Additions	5,079
Reversals	(3,655)
Write-offs	(1,103)
Balance at December 31, 2017	2,332
Additions	4,715
Reversals	(862)
Write-offs	(387)
Balance at December 31, 2018	5,798

6. Investments

a) *Investments in subsidiaries and associates*

Investments in subsidiaries and associates comprise the following:

Subsidiaries/Associates

	Equity	Total shares	Adjusted P&L	% - Interest held	Investment at 2018	Investment at 2017	Equity pickup in 2018	Equity pickup in 2017
Subsidiaries								
Banco B3 S.A.	94,234	24,000	11,627	100	94,234	88,524	11,627	12,927
Bolsa de Valores do Rio de Janeiro - BVRJ	86,032	115	6,953	86.95	74,805	68,759	6,046	2,699
BM&F (USA) Inc. (Note 2(a))	-	1,000	(295)	-	-	1,273	(295)	(266)
BM&FBOVESPA (UK) Ltd.	1,766	1,000	(48)	100	1,766	1,616	(48)	294
CETIP S.A. - Mercados Organizados	-	-	-	-	-	-	-	(17,435)
B3 Inova USA LLC	9,046	-	(1,186)	100	9,046	9	(1,186)	(8,241)
CETIP Info Tecnologia S.A.	92,783	800	34,475	100	92,783	89,607	34,475	15,513
CETIP Lux S.à.r.l.	1,304,142	-	222,795	100	1,304,142	1,081,347	222,795	17,141
Associates								
RTM (1)	53,505	2,020,000	10,735	20	19,510	17,363	2,147	671
Total					1,596,286	1,348,498	275,561	23,303

(1) 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. According to the business combination, an increase was identified in the fair value of the investment in associate RTM in the amount of R\$8,809. In the year ended December 31, 2017, equity pickup amounting to R\$671 - B3 and to R\$1,165 – consolidated was recorded.

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BM&FBOVESPA BRV LLC stated no balance in the year.

Summary of key financial information of subsidiaries and associates at December 31, 2018:

Description	Subsidiaries						Associate
	Banco B3 S.A.	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&FBOVESPA (UK) Ltd.	B3 Inova USA LLC	CETIP Info Tecnologia S.A.	CETIP Lux S.à.r.l.	RTM
Assets	803,908	95,657	2,650	9,046	95,911	1,892,011	67,740
Liabilities	709,674	9,625	884	-	3,128	587,869	14,235
Revenues	36,186	13,553	2,218	-	41,966	-	89,405

Changes in investments:

Investments	Subsidiaries								Associate	Total
	Banco B3 S.A.	Bolsa de Valores do Rio de Janeiro - BVRJ	BM&F (USA) Inc.	BM&FBOVESPA (UK) Ltd.	CETIP S.A.	B3 Inova USA LLC	CETIP Info Tecnologia S.A.	CETIP Lux S.à.r.l.	RTM	
Balances at December 31, 2016	81,790	66,060	1,539	1,185	-	-	-	-	-	150,574
Equity pickup	12,927	2,699	(266)	294	(17,435)	(8,241)	15,513	17,141	671	23,303
Exchange rate variation	-	-	-	137	-	337	-	-	-	474
Comprehensive income (loss) of subsidiary	52	-	-	-	(635)	-	-	-	-	(583)
Merger of subsidiary	-	-	-	-	18,070	-	74,094	1,064,206	16,692	1,173,062
Capital Increase	-	-	-	-	-	7,913	-	-	-	7,913
JCP/Dividends	(6,245)	-	-	-	-	-	-	-	-	(6,245)
Balances at December 31, 2017	88,524	68,759	1,273	1,616	-	9	89,607	1,081,347	17,363	1,348,498
Equity pickup	11,627	6,046	(295)	(48)	-	(1,186)	34,475	222,795	2,147	275,561
Exchange rate variation	-	-	(650)	198	-	729	-	-	-	277
Comprehensive income (loss) of subsidiary	(17)	-	-	-	-	-	-	-	-	(17)
Close down of subsidiary	-	-	(328)	-	-	-	-	-	-	(328)
Capital Increase	-	-	-	-	-	9,494	-	-	-	9,494
JCP/Dividends	(5,900)	-	-	-	-	-	(31,299)	-	-	(37,199)
Balances at December 31, 2018	94,234	74,805	-	1,766	-	9,046	92,783	1,304,142	19,510	1,596,286

b) Investment properties

This category comprises properties owned by subsidiary Bolsa de Valores do Rio de Janeiro (BVRJ) for rent, which are carried at cost and depreciated at the rate of 4% p.a. There were no additions or write-offs for the year, and depreciation totaled R\$1,518 (R\$1,518 at December 31, 2017). Rental income from these properties for the year ended December 31, 2018 amounted to R\$5,911 (R\$6,488 at December 31, 2017).

At December 31, 2018, cost less accumulated depreciation of this property amounted to R\$26,081 (R\$27,599 at December 31, 2017) and fair value estimated by management amounted to R\$109,888 calculated considering the average square-meter price for sale of commercial properties in the city of Rio de Janeiro, as disclosed in FIPEZAP table.

B3 has no restrictions as to the sale of its investment property.

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7. Property and equipment

B3

Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2016	279,378	14,625	111,391	26,767	20,342	7,511	460,014
Additions	1,267	4,428	79,674	6,487	1,407	6,880	100,143
Write-offs	(733)	(879)	(1,712)	-	(4,605)	-	(7,929)
Transfers	342	3,774	134	157	745	(5,152)	-
Expenses with recapitalized depreciation	-	(40)	(6,458)	(194)	-	-	(6,692)
Depreciation	(5,464)	(2,829)	(22,392)	(3,713)	(1,873)	-	(36,271)
Merger of subsidiary	18,967	2,752	27,887	144	10,689	1,384	61,823
Balances at December 31, 2017	293,757	21,831	188,524	29,648	26,705	10,623	571,088
Additions	26,027	3,832	92,589	7,618	5,365	7,760	143,191
Write-offs	-	(242)	(1,189)	-	(250)	-	(1,681)
Reclassification	-	-	2,010	-	-	-	2,010
Assets available to sell	(19,297)	-	-	(47)	-	-	(19,344)
Expenses with recapitalized depreciation	-	(3)	(289)	(6)	-	-	(298)
Depreciation	(12,113)	(3,787)	(45,734)	(5,435)	(2,299)	-	(69,368)
Balances at December 31, 2018	288,374	21,631	235,911	31,778	29,521	18,383	625,598
At December 31, 2018							
Cost	436,104	61,727	605,825	71,368	75,117	18,383	1,268,524
Accumulated depreciation	(147,730)	(40,096)	(369,914)	(39,590)	(45,596)	-	(642,926)
Net book balance	288,374	21,631	235,911	31,778	29,521	18,383	625,598
Annual average depreciation rates 2018	8.2%	9.5%	13.4%	10.3%	8.4%		
At December 31, 2017							
Cost	432,222	59,410	528,820	74,091	71,756	10,623	1,176,922
Accumulated depreciation	(138,465)	(37,579)	(340,296)	(44,443)	(45,051)	-	(605,834)
Net book balance	293,757	21,831	188,524	29,648	26,705	10,623	571,088
Annual average depreciation rates 2017	1.2%	9.4%	15.0%	7.5%	7.0%		

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	Consolidated						
Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2016	279,378	14,625	111,391	26,870	22,978	7,511	462,753
Additions	1,267	4,667	80,035	6,487	1,446	6,684	100,586
Write-offs	(734)	(1,111)	(1,851)	-	(4,833)	-	(8,529)
Transfers	343	3,774	3,615	157	745	(8,634)	-
Impairment reversal	-	383	358	-	89	-	830
Expenses with recapitalized depreciation	-	(40)	(6,458)	(194)	-	-	(6,692)
Depreciation	(5,497)	(2,986)	(26,212)	(4,043)	(2,530)	-	(41,268)
Merger of subsidiary	19,000	2,519	27,646	403	11,359	5,062	65,989
Balances at December 31, 2017	293,757	21,831	188,524	29,680	29,254	10,623	573,669
Additions	26,027	3,832	92,600	7,618	5,375	7,760	143,212
Write-offs	-	(242)	(1,200)	-	(1,106)	-	(2,548)
Reclassification	-	-	2,010	-	-	-	2,010
Assets available to sell	(19,297)	-	-	(47)	-	-	(19,344)
Expenses with recapitalized depreciation	-	(3)	(289)	(6)	-	-	(298)
Depreciation	(12,113)	(3,787)	(45,734)	(5,443)	(2,299)	-	(69,376)
Balances at December 31, 2018	288,374	21,631	235,911	31,802	31,224	18,383	627,325
At December 31, 2018							
Cost	436,104	61,727	605,928	72,419	76,820	18,383	1,271,381
Accumulated depreciation	(147,730)	(40,096)	(370,017)	(40,617)	(45,596)	-	(644,056)
Net book balance	288,374	21,631	235,911	31,802	31,224	18,383	627,325
Annual average depreciation rates 2018	8.2%	9.5%	13.4%	10.3%	8.4%		
At December 31, 2017							
Cost	432,222	59,423	528,927	75,141	74,305	10,623	1,180,641
Accumulated depreciation	(138,465)	(37,592)	(340,403)	(45,461)	(45,051)	-	(606,972)
Net book balance	293,757	21,831	188,524	29,680	29,254	10,623	573,669
Annual average depreciation rates 2017	1.2%	9.4%	15.0%	7.5%	7.0%		

B3 has no restrictions on its properties, except on those pledged as securities for legal claims, recorded for some R\$91,516 (R\$92,769 at December 31, 2017).

8. Intangible assets

Bovespa Holding goodwill

Goodwill from acquisition of Bovespa Holding in 2008, based on the expected future profitability and supported by an economic and financial valuation report of the investment amounted to R\$16,064,309. At December 31, 2015, the test supported by the valuation report at that time prepared by independent experts indicated impairment of Bovespa Holding in the amount of R\$1,662,681 and, as a result, the carrying amount of goodwill was reduced to R\$14,401,628. At November 30, 2018, management reviewed significant variables of future cash flow projections of the cash-generating unit Bovespa Holding and adherence to the results achieved up to the reporting date and identified no need to adjust the goodwill.

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The assumptions adopted for future cash flow projections of B3, in the BOVESPA segment (Cash Generating Unit - CGU), were based on an analysis of performance over the past years, and expected growth in the market (based on estimated average yield of capital markets in the long term) and management's expectations and strategies.

Based on the growth expectations of the Bovespa segment, the projected cash flow considers revenues and expenses related to the segment's activities. The projection period of these cash flows covers December 2018 through December 2028. The perpetuity was determined by extrapolating the 2028 cash flow at a growth rate corresponding to that expected for nominal GDP in the long term, of 6.40% p.a.

Management understands that a ten-year projection period (and not five) is based on the perception that the Brazilian capital market, in the variable income segment, should undergo a long period of growth, reflecting the time required for indicators such as share of stocks in investors' portfolios, and Brazil's Market Cap / GDP ratio, among others, to reach levels recorded in other countries, indicating the that long-term maturity has been reached.

To determine the present value of the projected cash flow, an average after-tax discount rate of 13.82% p.a. was used, which is equivalent to a 16.08% rate before taxes (2017 – equivalent to 13.94% and 15.65% respectively).

The three major variables impacting the value in use computed for the investment are the discount rates, net revenue growth rate and perpetuity growth rate. B3 management carried out sensitivity analyses to determine the impacts of changes in such variables on the calculated value in use: increase of 90bps in the pre-tax discount rate (a standard deviation in discount rates over the last five years); decrease of 140bps in the average annual revenue growth from 2019 to 2028 (15% decrease); and decrease by 50bps in the perpetuity growth rate (a standard deviation of the 10-year series averages of changes in the Brazilian GDP). The sensitivity analyses revealed value in use of the CGU between 4% and 12% lower than the value in use estimated internally.

CETIP goodwill

The goodwill generated on the acquisition of CETIP in March 2017, in the amount of R\$7,937,171 is based on the expected future profitability and on the Purchase Price Allocation (PPA) report.

B3 used an outside independent specialist to assist in measuring the recoverable amount of assets (value in use). The report submitted by the specialist identified that no adjustment to the goodwill book value at November 30, 2018 is required.

Based on the growth expectations of the UTM and UFIN segments, projected cash flows consider revenues and expenses related to the segments' activities. The projection period of these cash flows covers December 2018 through December 2023. The perpetuity was determined by extrapolating the 2023 cash flow at a growth rate corresponding to that expected for nominal GDP in the long term, of 6.40% p.a.

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The assumptions adopted for future cash flow projections of B3, in the UTM and UFIN segments (Cash Generating Unit - CGU), were based on an analysis of performance over the past years, market expectations relating to economic activity recovery, automotive and real-estate market growth in Brazil, and management's expectations and strategies.

To determine the present value of the projected cash flow, an average after-tax discount rate of 12.40% p.a. was used for the UTM segment, which is equivalent to a 14.55% rate before taxes, and an average after-tax discount rate of 12.58% p.a. was used for the UFIN segment, which is equivalent to a 14.39% rate before taxes.

The three major variables impacting the value in use computed for the investment are the discount rates, net revenue growth rate and perpetuity growth rate. B3 management carried out sensitivity analyses to determine the impacts of changes in such variables on the calculated value in use: increase of 90bps in the pre-tax discount rate (a standard deviation in discount rates over the last five years); decrease of 140bps in the average annual revenue growth from 2019 to 2023 (15% decrease) for the UTM segment and of 370bps for the UFIN segment; and decrease by 50bps in the perpetuity growth rate (a standard deviation of the 10-year series averages of changes in the Brazilian GDP). The sensitivity scenarios revealed value in use of the CGU between 6% and 13% lower than value in use estimated in the outside expert's report.

Software and projects

B3

Changes	Cost of internally generated software under development	Software internally generated – projects completed	Software	Contractual relations	Trademarks	Total
Balances at December 31, 2016	377,807	475,428	47,343	-	-	900,578
Additions	110,800	210	7,193	-	-	118,203
Write-offs	(384)	(1,106)	(3,639)	-	-	(5,129)
Transfers	(427,136)	427,136	-	-	-	-
Impairment	(2,702)	(62,806)	-	-	-	(65,508)
Expenses with recapitalized Amortization	-	-	(2,717)	-	-	(2,717)
Amortization	-	(412,046)	(22,807)	(4,938)	(29,047)	(468,838)
Others	9,409	-	-	-	-	9,409
Merger of subsidiary	21,841	4,771,488	49,755	49,377	174,286	5,066,747
Balances at December 31, 2017	89,635	5,198,304	75,128	44,439	145,239	5,552,745
Additions	106,018	342	20,316	-	-	126,676
Transfers	(33,344)	5,196	28,148	-	-	-
Reclassification	-	(2,010)	-	-	-	(2,010)
Expenses with recapitalized Amortization	-	-	(210)	-	-	(210)
Amortization	-	(787,731)	(26,512)	(9,872)	(58,096)	(882,211)
Others	506	(250)	-	(15)	-	241
Balances at December 31, 2018	162,815	4,413,851	96,870	34,552	87,143	4,795,231
At December 31, 2018						
Cost	162,815	6,072,825	536,201	54,222	190,130	7,016,193
Accumulated amortization	-	(1,658,974)	(439,331)	(19,670)	(102,987)	(2,220,962)
Net book balance	162,815	4,413,851	96,870	34,552	87,143	4,795,231
Annual average amortization rates 2018	-	12.9%	11.5%	18.2%	30.6%	
At December 31, 2017						
Cost	89,635	6,069,591	487,739	54,240	190,131	6,891,336
Accumulated amortization	-	(871,287)	(412,611)	(9,801)	(44,892)	(1,338,591)
Net book balance	89,635	5,198,304	75,128	44,439	145,239	5,552,745
Annual average amortization rates 2017	-	12.9%	15.6%	18.2%	30.6%	

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Consolidated

Changes	Cost of internally generated software under development	Software internally generated – projects completed	Software	Contractual relations	Trademarks	Total
Balances at December 31, 2016	377,807	475,428	47,343	-	-	900,578
Additions	117,013	210	7,420	-	-	124,643
Write-offs	(948)	(1,106)	(3,639)	-	-	(5,693)
Transfers	(444,939)	441,648	3,011	278	2	-
Impairment	(2,702)	(62,806)	-	-	-	(65,508)
Expenses with recapitalized Amortization	-	-	(2,717)	-	-	(2,717)
Amortization	-	(594,421)	(25,194)	(8,267)	(44,892)	(672,774)
Others	9,409	-	-	-	-	9,409
Merger of subsidiary	33,995	4,939,351	48,904	52,428	190,131	5,264,809
Balances at December 31, 2017	89,635	5,198,304	75,128	44,439	145,241	5,552,747
Additions	106,990	342	20,316	-	-	127,648
Transfers	(33,344)	5,196	28,148	-	-	-
Reclassification	-	(2,010)	-	-	-	(2,010)
Expenses with recapitalized Amortization	-	-	(210)	-	-	(210)
Amortization	-	(787,731)	(26,512)	(9,872)	(58,096)	(882,211)
Others	506	(250)	-	(15)	-	241
Balances at December 31, 2018	163,787	4,413,851	96,870	34,552	87,145	4,796,205
At December 31, 2018						
Cost	163,787	6,072,825	536,201	54,222	190,132	7,017,167
Accumulated amortization	-	(1,658,974)	(439,331)	(19,670)	(102,987)	(2,220,962)
Net book balance	163,787	4,413,851	96,870	34,552	87,145	4,796,205
Annual average amortization rates 2018	-	12.9%	11.5%	18.2%	30.6%	
At December 31, 2017						
Cost	89,635	6,069,591	487,739	54,240	190,133	6,891,338
Accumulated amortization	-	(871,287)	(412,611)	(9,801)	(44,892)	(1,338,591)
Net book balance	89,635	5,198,304	75,128	44,439	145,241	5,552,747
Annual average amortization rates 2017	-	12.9%	15.6%	18.2%	30.6%	

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9. Loans and financing

	B3				
	Foreign debt	Debentures	Loans involving subsidiaries	Bank loans	Other loans
					Total
Balance at December 31, 2017	2,071,862	3,010,601	1,559,766	34,527	18,503
Additions/Appropriation of interest	146,014	190,598	85,249	10	1,518
Amortization of borrowing costs	1,529	2,818	-	-	101
Amortization of interest	(140,612)	(199,251)	(72,143)	(79)	(1,417)
Amortization of principal	-	(1,500,000)	-	(34,059)	(3,131)
Exchange rate variation	-	-	261,527	-	-
Exchange rate variation - Comprehensive income	-	-	-	(399)	-
Exchange rate variation - Fair value hedge	346,882	-	-	-	-
Exchange rate variation - Cash flow hedge	4,721	-	-	-	-
Present value adjustment - Fair value hedge	(27,867)	-	-	-	-
Balance at December 31, 2018	2,402,529	1,504,766	1,834,399	-	15,574
Current	70,257	1,504,766	1,593,420	-	3,380
Noncurrent	2,332,272	-	240,979	-	12,194

	Consolidated				
	Foreign debt	Debentures	Bank loans	Other loans	Total
Balance at December 31, 2017	2,071,862	3,010,601	533,727	18,503	5,634,693
Additions/Appropriation of interest	146,014	190,598	24,603	1,518	362,733
Amortization of borrowing costs	1,529	2,818	-	101	4,448
Amortization of interest	(140,612)	(199,251)	(22,603)	(1,417)	(363,883)
Amortization of principal	-	(1,500,000)	(34,059)	(3,131)	(1,537,190)
Exchange rate variation	-	-	85,020	-	85,020
Exchange rate variation - Comprehensive income	-	-	(398)	-	(398)
Exchange rate variation - Fair value hedge	346,882	-	-	-	346,882
Exchange rate variation - Cash flow hedge	4,721	-	-	-	4,721
Present value adjustment - Fair value hedge	(27,867)	-	-	-	(27,867)
Balance at December 31, 2018	2,402,529	1,504,766	586,290	15,574	4,509,159
Current	70,257	1,504,766	198,810	3,380	1,777,213
Noncurrent	2,332,272	-	387,480	12,194	2,731,946

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\$70,257 (R\$59,531 at December 31, 2017), referring to half-yearly interest incurred until the reporting date. This transaction will mature on July 16, 2020.

The market value of securities, obtained from Bloomberg, considers principal and interest, and amounts to R\$2,417,382 at December 31, 2018 (R\$2,126,672 at December 31, 2017).

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Debentures

	<u>Contract rate</u>	<u>Number</u>	<u>Unit par value in R\$</u>	<u>Total issuance</u>
First issuance (single series)	104.25% DI	3,000,000	1,000.00	3,000,000

The debentures yield interest equivalent to 104.25% of the DI (Interbank Deposit) Rate with amortization of principal in equal installments in the 24th and 36th months, and semiannual payment of interest on the 1st of June and December each year, with the first payment on June 1, 2017 and the last on December 2, 2019.

According to the trustee, the market value of the securities, considering the principal plus interest, is R\$ 1,507,330 as at December 31, 2018 (R\$3,015,990 as at December 31, 2017).

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% per annum, with payment of interest on a half-yearly basis or upon maturity of the principal, depending on the agreement.

Bank loans

During the exercises of 2014 and 2016, CETIP Lux raised bank loans amounting to US\$100,000 and US\$50,000 respectively referred to as Cetip Lux I and Cetip Lux II backed by a B3 fiduciary guarantee.

The loan referred to as CETIP Lux I has term of four years, with amortization of US\$50,000 of the principal amount in August 2017 and amortization of the remaining balance in August 2018. The interest rate of the loan was 2.57% per annum and quarterly payments of interest.

In August 2017, the loan maturity was renegotiated and extended to August 2020, with the quarterly payments of interest at a rate of 3.6% per year.

The loan agreement establishes that Cetip Lux must have a minimum equity throughout the life of the agreement; otherwise it may lead to its early termination. The clause has been complied with during the year.

The loan referred to as CETIP Lux II has term of three years, with amortization of principal in September 2019. The interest rate of the loan is approximately 5.5% per annum and half-yearly payments of interest. The loan agreement establishes certain covenants that, in case of violation by CETIP Lux, may result in the early termination of the loan. The clause has been complied with during the year.

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10. Other obligations

	B3		Consolidated	
	2018	2017	2018	2017
Current				
Repurchase agreements (1)	-	-	333,554	262,021
Demand deposits (2)	-	-	329,955	117,554
Synergy transfer	23,296	12,900	23,296	12,900
Amounts to be transferred - Direct Treasury	19,828	31,558	19,828	31,558
Interest and fine - enrollment with PERT	-	20,900	-	20,900
Payables – CME/ICE	4,142	-	4,142	-
Other	27,987	39,795	33,058	41,785
Total	75,253	105,153	743,833	486,718
Noncurrent				
Payables – CME/ICE	27,225	27,086	27,225	27,086
Total	27,225	27,086	27,225	27,086

(1) These refer to open market funding made by Banco B3, comprising repurchase agreements maturing on January 2, 2019 (2017: January 2, 2018) and backed by Financial Treasury Bills (LFT), National Treasury Bills (LTN), and National Treasury Notes - series B and F.

(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.

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.

The legal and administrative proceedings are classified by their likelihood of loss (probable, possible or remote), based on the assessment by B3's legal department and external legal advisors, using parameters such as previous legal decisions and the history of loss in similar cases.

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

- Labor claims mostly relate to claims filed by former employees of B3 and employees of outsourced service providers, on account of alleged noncompliance with labor legislation;

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- 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 *Associação CETIP*; and (ii) securities of former member of the then *Associação BM&F*.
- Tax proceedings for which provisions were set up mostly relate to PIS and COFINS levied on (i) B3 revenues and (ii) receipt of interest on equity.

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:

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B3

	Civil	Labor	Legal obligations	Tax	Other provisions	Total
Balances at December 31, 2016	197,162	33,877	65,687	18,870	40,960	356,556
Provisions	406	3,319	12,135	3,475	15,915	35,250
Provision expenditure	(5)	(4,530)	-	-	(5,731)	(10,266)
Reversal of provisions (1)	(26,893)	(2,750)	(69,000)	-	(3,226)	(101,869)
Reassessment of risks	27,749	(1,726)	-	-	-	26,023
Monetary restatement	20,389	3,071	8,499	1,255	2,255	35,469
Merger of subsidiary	154,353	1,507	134,719	-	2,516	293,095
Balances at December 31, 2017	373,161	32,768	152,040	23,600	52,689	634,258
Provisions	80	3,300	7,874	-	5,349	16,603
Provision expenditure	-	(4,722)	(159)	-	(2,522)	(7,403)
Reversal of provisions	-	(1,681)	(4,521)	-	-	(6,202)
Reassessment of risks	21,829	187	-	-	(410)	21,606
Monetary restatement	32,910	2,956	9,218	718	9,481	55,283
Balances at December 31, 2018	427,980	32,808	164,452	24,318	64,587	714,145

Consolidated

	Civil	Labor	Legal obligations	Tax	Other provisions	Total
Balances at December 31, 2016	203,975	33,904	65,687	18,870	48,944	371,380
Provisions	407	3,319	12,156	3,709	15,915	35,506
Provision expenditure	(5)	(4,530)	-	-	(7,585)	(12,120)
Reversal of provisions (1)	(26,893)	(2,777)	(69,000)	-	(3,226)	(101,896)
Reassessment of risks	28,115	(678)	-	-	-	27,437
Monetary restatement	28,343	3,089	11,870	1,258	2,418	46,978
Merger of subsidiary	146,806	442	131,347	-	2,485	281,080
Balances at December 31, 2017	380,748	32,769	152,060	23,837	58,951	648,365
Provisions	80	3,310	7,912	2	5,354	16,658
Provision expenditure	-	(4,722)	(159)	-	(2,522)	(7,403)
Reversal of provisions	(7,922)	(1,681)	(4,521)	-	-	(14,124)
Reassessment of risks	21,829	187	-	-	(410)	21,606
Monetary restatement	33,245	2,957	9,222	727	9,790	55,941
Balances at December 31, 2018	427,980	32,820	164,514	24,566	71,163	721,043

- (1) In September 2017, B3 was informed of the final unappealable decision – in favor of the Company – regarding the case that discussed the exemption of additional social security contributions on payroll and payments to the self-employed professionals. This decision resulted in the write-off of the provision for this contingency, in the amount of R\$69,000. Additionally, in December 2017, B3 was informed of the final unappealable decision – in favor of the Company – regarding the plea in a bankruptcy case where the bankrupt party sought to annul the acts that led to cancel the association share of former Cetip. This decision resulted in the write-off of the provision for this contingency, in the amount of R\$26,880.

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.

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B3 and its subsidiaries are parties to tax, civil and labor lawsuits involving risks of loss classified by management 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:

- 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 December 31, 2018, lawsuits classified as possible loss amount to R\$33,892 in B3 and in the Consolidated (R\$52,811 at December 31, 2017)
- Civil proceedings mainly relate to aspects of civil liability for losses and damages, as well as cancellation of units of interest of former members of the then CETIP. The amount involved in civil proceedings classified as possible losses at December 31, 2018 totals R\$104,017 in B3 and in the Consolidated (R\$118,125 at December 31, 2017 in B3 and in the Consolidated).

Almost all the amount considered for December 31, 2018 derives from three lawsuits involving B3, as successor due to merger of CETIP, which, in its turn, was the successor of Associação CETIP. The challenge concerns the allegedly irregular cancellation of units of interest of former members.

- The total amount involved in the tax proceedings assessed as possible loss amounts to R\$485,135 in B3 (R\$441,212 at December 31, 2017) and R\$485,480 in the Consolidated (R\$441,553 at December 31, 2017). The main tax proceedings of B3 and its subsidiaries refer to the following matters:

(i) Classification of the former BM&F e Bovespa, in the period prior to the demutualization, as taxpayers of the Contribution Tax on Gross Revenue for Social Security Financing ("COFINS"), which is the subject matter of two declaratory judgment actions pleading the declaration that the plaintiffs have no tax obligations owed to the federal tax authorities and seeking non-levy of COFINS on revenue arising from the exercise of the activities for which they were established, the revenue of which does not fall under the concept of billing. The amount involved in the aforementioned proceedings at December 31, 2018 totals R\$68,706 (R\$66,860 at December 31, 2017).

(ii) 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, B3 appealed to the Judiciary against the decision issued by the Administrative Board of Tax Appeals (CARF), which maintained referred to tax delinquency notice, having obtained an injunction suspending payment of the tax amounts. The amount involved in the related administrative proceeding at December 31, 2018 totals R\$222,396 (R\$216,705 at December 31, 2017).

(iii) alleged levy of social security contributions on options granted based on the BM&F S.A. Stock Option Plans assumed by B3 S.A. and of B3 S.A. itself exercised by the Plans' beneficiaries in 2011 and 2012. The Brazilian IRS inquiries are based on the understanding that stock options granted to employees represent salary in nature, since they correspond to a consideration for services rendered. At December 31, 2018, the amount involved in this administrative proceeding is (i)

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R\$98,375 (R\$94,424 at December 31, 2017), related to social security contributions allegedly due, assessed as possible chance of loss.

g) *Remote losses*

Between 2010 and 2017, B3 received three tax assessment notices from the Brazilian Internal Revenue Service (RFB), challenging the amortization, for tax purposes, of goodwill arising from the merger of Bovespa Holding S.A. shares into B3 in May 2008. B3 considers that the risk of loss associated with these tax proceedings is remote. The amounts involved in each tax proceeding are broken down as follows:

Period of tax amortization challenged	Amounts referring to administrative proceedings	
	2018	2017
2008 and 2009 (1)	1,300,287	1,255,883
2010 and 2011 (2)	2,618,775	2,514,866
2012 and 2013 (3)	3,228,190	3,070,930
Total	7,147,252	6,841,679

- (1) B3 filed an appeal with the Judiciary through an action for annulment on April 23, 2018, in relation to the notice served on November 29, 2010. On June 12, 2018, the preliminary injunction granted suspended the collectibility of the tax credit.
- (2) On June 22, 2017, CARF handed down a decision granting the Voluntary Appeal filed by B3. Currently, B3 is awaiting the judgment by CSRF of the Special Appeal filed by the National Treasury.
- (3) In October 2017, the Company filed a related administrative protest, for which an unfavorable decision was handed down by the Brazilian IRS Judgment Office (DRJ), upholding the notice. B3 currently awaits judgment of the Voluntary Appeal, submitted to CARF on August 31, 2018.

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"), in order to determine alleged Treasury losses arising from transactions performed by the Central Bank of Brazil in January 1999 in the dollar futures market. In March 2012, the referred to proceedings were judged by the trial court and deemed valid, convicting most of the defendants, among them, the then BM&F. The convictions totaled R\$ 7,005 million, of which, according to one of the decisions handed down, the gains that the Central Bank of Brazil obtained due to the non-use of international reserves, in the amount of up to R\$ 5,431 million, may be deducted. B3 was also ordered to pay a civil penalty in the amount of R\$1,418 million. The figures were measured in January 1999 and should be adjusted for Monetary restatement, plus interest and burden of defeat. However, in June 2017, the Federal Regional Court decided favorably to the appeals to adjudicate the merits which were lodged by the Company, overturning the decisions and thus excluding the responsibility for refunding any losses inflicted on the Treasury. Only one of the special appeals presented by the MPF has been analyzed. This resulted in a final unappealable decision for non-acceptance. B3 awaits decision on the other appeals to the High Court filed by the Federal Prosecution Office (MPF). B3 believes that these

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actions are fully groundless and will not recognize in its financial statements any provision for such lawsuits as the risk of loss is remote.

h) *Judicial deposits*

Description	B3		Consolidated	
	2018	2017	2018	2017
Legal obligations (1)	252,487	241,796	252,487	241,796
Tax (2)	91,122	87,113	91,523	87,489
Labor	13,131	11,152	13,284	11,300
Civil	6,639	6,370	6,639	6,370
Total	363,379	346,431	363,933	346,955

- (1) Of the total deposits relating to legal obligations, R\$80,245 (R\$79,533 at December 31, 2017) relates to the proceedings in which B3 claims non-levy of additional social security contribution on payroll and payments to self-employed professionals, and challenges the legality of FAP (an index applied to calculate the occupational accident insurance owed by employers).
- (2) Of the total judicial deposits of B3, the following are highlighted: (i) R\$65,579 (R\$61,631 at December 31, 2017) referring to proceedings challenging the classification of the exchanges as subject to the payment of COFINS, which are assessed as possible loss by B3, as described in item "f" above; and (ii) R\$15,458 (R\$14,970 at December 31, 2017) referring to proceedings challenging PIS and COFINS on interest on equity received.

Due to the existence of judicial deposits related to tax proceedings classified as possible losses, the total tax contingencies and legal obligations are less than the total deposits related to tax claims.

12. Equity

a) *Capital*

At a meeting of the Board of Directors held on December 14, 2018, an increase in B3 capital amounting to R\$350,000 was approved. B3 capital now amounts to R\$3,548,655 (R\$3,198,655 at December 31, 2017), comprising 2,059,138,490 (2,059,138,490 at December 31, 2017) registered common shares with voting rights and no par value, of which 2,044,215,807 common shares are outstanding at December 31, 2018 (2,039,159,430 at December 31, 2017).

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, aimed at reinforcing B3 capital and income reserves.

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.

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b) *Treasury shares*

Changes in treasury shares for the year are as follows:

	<u>Quantity</u>	<u>Amount</u>
Balances at December 31, 2016	27,570,451	306,022
Shares sold – Stock grant	(7,591,391)	(84,263)
Balances at December 31, 2017	19,979,060	221,759
Shares sold – Stock option and stock grant plans	(5,056,377)	(56,124)
Balances at December 31, 2018	14,922,683	165,635
Average cost of treasury shares (R\$ per share)		11.10
Market value of treasury shares		400,077

c) *Revaluation reserves*

Revaluation reserves were established as a result 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.

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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.

	2018	2017
Net income for the years	2,087,444	1,296,240
Total interest on shareholders' equity in the year	1,435,000	923,007

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

Date of approval	Date of payment	Gross per share (R\$)	Total gross amount
04/13/2018	05/08/2018	0.097931	200,000
06/22/2018	07/10/2018	0.221147	452,000
09/14/2018	10/05/2018	0.176132	360,000
12/14/2018	01/08/2019	0.206925	423,000
Total for the year 2018			1,435,000
05/12/2017	06/07/2017	0.068807	140,276
08/11/2017	09/08/2017	0.040023	81,600
11/10/2017	12/07/2017	0.082456	168,131
12/08/2017	01/08/2018	0.261382	533,000
Total for the year 2017			923,007

g) *Earnings per share*

Basic

	2018	Consolidated 2017
Numerator		
Net income available to shareholders of B3	2,087,444	1,296,240
Denominator		
Weighted average number of outstanding shares	2,043,143,460	1,979,113,405
Basic earnings per share (in R\$)	1.021683	0.654960

Diluted

	2018	Consolidated 2017
Numerator		
Net income available to shareholders of B3	2,087,444	1,296,240
Denominator		
Weighted average number of outstanding shares adjusted by effects of stock options and stock grant plans	2,053,949,383	1,989,008,444
Diluted earnings per share (in R\$)	1.016307	0.651702

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13. Transactions with related parties

a) Transactions and balances with related parties

Description	Assets / (liabilities)		Revenue / (expenses)	
	2018	2017	2018	2017
Banco B3 S.A (1)				
Accounts receivable	1,316	1,214	-	-
Interest on equity receivable	5,015	5,304	-	-
Accounts payable	(177)	(162)	-	-
Recovery of expenses	-	-	13,492	12,981
Income from fees	-	-	101	72
Expenses from fees	-	-	(2,132)	(315)
Interest on equity	-	-	5,900	6,240
BM&F (USA) Inc. (1)				
Accounts payable	-	(68)	-	-
Sundry expenses	-	-	(586)	(1,191)
BM&FBOVESPA (UK) Ltd. (1)				
Sundry expenses	-	-	(2,085)	(2,300)
BM&FBOVESPA Supervisão de Mercados				
Accounts receivable	187	310	-	-
Accounts payable	(344)	(283)	-	-
Donation and contribution	-	-	(20,426)	(16,686)
Recovery of expenses	-	-	2,800	3,054
CETIP S.A. - Mercados Organizados				
Revenue to be allocated	-	-	-	18
Expenses with custody	-	-	-	(382)
Interest on equity	-	-	-	27,800
Cetip Lux (1)				
Accounts payable	(1,834,399)	(1,559,766)	-	-
Interest on loans	-	-	(85,249)	-
Exchange rate variation - loans	-	-	(261,527)	(30,832)
Other related parties				
Accounts receivable	95	76	-	-
Accounts payable	-	(106)	-	-
Interest on equity	-	-	31,299	-
Recovery of expenses	-	-	1,969	397
Expenses with courses	-	-	(142)	(1,011)
Donation	-	-	(2,337)	(4,938)
Sundry expenses	-	-	(2,343)	(2,615)

(1) Subsidiaries included in the consolidation process.

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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.

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 into by and between the parties and also include the activities related to the *Mecanismo de Ressarcimento de Prejuízos* (Loss Recovery Mechanism), as this mechanism is administered by BSM.

B3 makes transfers in order to supplement financing for the activities of BSM and regular transfers of fines for failure to settle debts and deliver assets by BSM, as set out in Circular Letter No. 044/2013 of B3.

Sundry expenses with other related parties consist mainly of lawyer's services provided by law firm Barbosa Müssnich Aragão - Law firm (BMA) in business combination with CETIP, communication services provided by RTM and system maintenance services provided by TOTVS S.A. Management understood that law firm BMA and TOTVS are related parties, since both have partners who are members of B3 Board of Directors. The transactions were engaged in accordance with the criteria set by the related parties' policy and other situations involving conflict of interest of B3.

b) Key management personnel compensation

At December 31, 2018, key management personnel include directors and statutory officers. By December 31, 2017, key management personnel included Directors, Statutory Directors, Audit Officer, Corporate Risk Officer, Officer of Banco B3 and Human Resources Officer.

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Benefits to managing officers	Consolidated	
	2018	2017
Managing officers		
Short-term benefits (salaries, profit sharing etc.)	33,792	32,256
Share-based compensation (1)	61,887	52,246
Severance pay benefits (2)	-	100,924
Board of Directors		
Short-term benefits (salaries, profit sharing etc.)	12,161	11,239
Share-based compensation (1)	5,189	2,129

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

(2) This referred to severance pay benefits to key management personnel (anticipation of Stock Grant plan) mainly due to the business combination.

14. Collateral for transactions

Operating as a central counterparty and guarantor in the markets, B3 manages three clearinghouses considered systemically important by the Central Bank of Brazil: BM&FBOVESPA, Foreign Exchange, and Assets Clearinghouses, with the latter (Assets Clearinghouse) having been extinguished on July 30, 2018, per Circular Letter 034/2018.

On March 5, 2014, according to B3 Circular Letter No. 003/2014, new versions of B3 Clearinghouses rules became effective, aiming towards convergence with international capital requirement rules under Basel III Accord by financial institutions subject to credit risk of clearinghouses. These changes were approved by BACEN in January 2014.

The activities carried out by the clearinghouses are governed by Law No. 10214/01, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouses 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 clearinghouses, B3 acts as a central counterparty in the derivatives market (futures, forward, options and swaps), spot foreign exchange market, government securities market (spot, forwards, repurchase operations, futures and lending of securities), variable income (spot, forward, option, futures and lending of securities) and private debt securities (spot 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

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failure or insufficiency of the safeguard mechanisms of its Clearinghouses, B3 might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The clearinghouses are 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 clearinghouses are 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\$2,110,933 (R\$2,171,449 at December 31, 2017), are recorded as a liability under "Collateral for transactions" and collaterals, in the amount of R\$317,273,984 (R\$242,381,623 at December 31, 2017), are recorded in memorandum accounts. At December 31, 2018, total collaterals deposited by members amounts to R\$319,384,917 (R\$244,553,072 at December 31, 2017), as follows:

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a. Collaterals deposited by members

	2018		2017	
	BM&FBOVESPA Clearinghouse	Foreign Exchange Clearinghouse	BM&FBOVESPA Clearinghouse	Foreign Exchange Clearinghouse
Federal government securities	255,845,092	7,786,067	195,726,685	5,985,708
Shares	46,197,602	-	33,862,500	-
International securities (1)	3,443,152	-	3,565,980	-
Letters of guarantee	2,463,387	-	1,917,890	-
Cash amounts deposited	2,110,733	-	1,625,429	545,820
Bank Deposit Certificates(CDBs)	1,467,790	-	1,251,981	-
Gold	16,018	-	16,303	-
Other	55,076	-	54,776	-
Total	311,598,850	7,786,067	238,021,544	6,531,528

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

b. Other safeguard mechanisms

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

Breakdown	2018	2017
Federal government securities	-	60,807
Share Investment Fund (FILCB)	858,460	770,856
Amounts deposited	858,460	831,663
Amounts required of members	774,000	791,000
Amount in excess of the minimum required	84,460	40,663

- 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.*
- Fundo de Liquidação de Operações de Câmbio (Exchange Operations Settlement Fund (FLOC)), formed of guarantees provided by members of the Exchange Clearing and B3 funds, intended to ensure the good settlement of the operations. Breakdown of FLI and FLOC is as follows:*

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	2018		
	Clearing BM&FBOVESPA	Foreign exchange clearing	Special Equity - Clearinghouse and custody
Federal government securities	-	233,435	-
Federal government securities of B3	-	125,162	-
Share investment fund (FILCB) of B3	639,141	-	-
Share investment fund (FILCB)	732,355	-	-
Cash amounts deposited	-	200	-
Amounts deposited	1,371,496	358,797	-
Amounts required from participants	665,000	117,250	-
Amounts required from B3	600,000	117,250	-
Value in excess of the minimum required	106,496	124,297	-
Special Equity (1)	159,272	77,110	78,952

	2017			
	Clearing BM&FBOVESPA	Foreign exchange clearing	Special Equity - Clearinghouse and custody	Clearing of assets
Federal government securities	19,885	461,768	-	-
Share investment fund (FILCB)	1,276,112	-	-	-
Cash amounts deposited	-	200	-	-
Amounts deposited	1,295,997	461,968	-	-
Amounts required from participants	678,000	118,050	-	-
Amounts required from B3	600,000	118,050	-	-
Value in excess of the minimum required	17,997	225,868	-	-
Special Equity (1)	149,543	72,387	73,495	50,898
Operating Fund (2)	-	-	-	40,000

- (1) *Patrimônio Especial Selic das câmaras BM&FBOVESPA, Ativos, Câmbio e de compensação e custódia (Special equity of Clearing BM&FBOVESPA, Assets, Foreign exchange and custody)*, 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.
- (2) *Fundo Operacional da Câmara de Ativos (Operationg Fund)*, intended to hold funds of B3 to cover losses arising from members operational or administrative failures. July 30, 2018, the asset chamber was deactivated according to the circular 034/2018.

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- B3 cash dedicated to the clearing house: portion of B3 capital, formally and exclusively intended for the clearing house - used by BM&FBOVESPA clearing house for treating failures in the settlement window, ensuring the necessary funds to comply with its payment obligations to settlement members - creditors.

Breakdown	12/31/2018	12/31/2017
Federal government securities	1,217,562	-
Amounts deposited	1,217,562	-
Amounts required of B3	1,200,000	-
Amount in excess of the minimum required	17,562	-

15. Employee benefits

a. Stock Grant - long-term incentive

The Special Shareholders' Meeting held on May 13, 2014 approved the Stock Grant Plan, which replaced the grant mechanism for the Stock Plan shares as a long-term benefit.

The conditions under the Stock Plan include achievement of goals by the beneficiaries and an individual evaluation of performance and potential. The granting of shares relating to a specific fiscal year will always occur at the beginning of the next fiscal year. The shares will be transferred to the beneficiaries observing the grace periods established in the Stock Programs and the previously established contractual conditions. Shares will be transferred net of income tax withheld from the participants, which is subsequently collected by B3. As from the Plan granted in 2018, the participants will also be entitled to receive in cash an amount equivalent to the earnings established by B3 during each vesting period.

The Stock Plan vests the Board of Directors with powers to approve and manage stock grants, through Stock Grant Plans, which should define, among other specific conditions: the beneficiaries; (ii) the total number of B3 shares under the grant program; (iii) criteria for election of the beneficiaries and determining the number of shares to be assigned; (iv) splitting shares into lots; (v) vesting periods for the transfer of shares; (vi) any restrictions on the transfer of shares received by the beneficiaries; and (vii) any provisions on penalties.

For each Stock Program, there should be a minimum total period of three (3) years from the grant date of the shares in a given program and the last date of transfer of shares granted under the same program. Moreover, a minimum vesting period of twelve (12) months should be observed from: (i) the grant date of a program and the first date of transfer of any shares under that Program, and (ii) between each of the transfer dates of shares of that program after the first transfer.

The Stock Plan also defines a specific mechanism for granting shares to the members of the Board of Directors, whereby: (i) the members of the Board of Directors are eligible to be beneficiaries of the grant from the date when the General Meeting elects them to office, or another period as defined by the General Meeting; (ii) the beneficiaries members of the Board of Directors as a whole may annually receive a total 172,700 shares of B3, which will be distributed on a straight-line basis among the members of the Board of Directors, as approved at the General Meeting; (iii) stock will

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be granted to members of the Board of Directors in a single lot on the same dates the Programs approve stock grants to other beneficiaries; (iv) the stock considered in the contracts with beneficiaries that are members of the Board of Directors will be transferred 2 years after the end of term of each Board member in which the contract was executed.

B3 recognized expenses related to Stock Option Plan grants in the amount of R\$72,216 for the period ended December 31, 2018 (R\$89,636 at December 31, 2017) against capital reserves in equity, based on the fair value of the share at the grant date of the plans. B3 also recognized charges as personnel expenses in the amount of R\$69,068 for the year ended December 31, 2018 (R\$57,222 at December 31, 2017) calculated based on the fair value of the share at December 31, 2018.

B3 records 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 December 31, 2018, the cost of shares transferred related to the grants of the Stock Grant Plan amounted to R\$55,758 (R\$83,543 at December 31, 2017).

Pricing model

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

In the case of compensation programs based on shares that may be settled in cash, the fair value to pay to the executives is recognized as an expense with the corresponding increase in liabilities, for the period in which the executives acquire the right to payment. The liabilities are remeasured at each statement of financial position date and on settlement date. Any changes in fair value of the liabilities are recognized as personnel expenses in the statement of profit or loss.

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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 12/31/2017	Movimentação de período			Outstanding share contracts at 12/31/2018	Dilution percentage (1)
				New programs	Performed	Canceled		
01/05/2015	01/05/2018	9.22	1,127,678	-	(1,074,350)	-	53,328	0.00%
01/05/2015	01/07/2019	9.22	654,337	-	(190,409)	-	463,928	0.02%
01/02/2015	01/02/2018	9.50	1,013,696	-	(937,458)	-	76,238	0.00%
01/02/2015	01/02/2019	9.50	684,245	-	(145,222)	(30,001)	509,022	0.02%
01/08/2016	01/15/2018	10.52	918,639	-	(886,543)	-	32,096	0.00%
01/08/2016	01/14/2019	10.52	918,594	-	(187,304)	(18,533)	712,757	0.03%
01/08/2016	01/13/2020	10.52	672,796	-	(122,851)	(22,450)	527,495	0.03%
01/08/2016	04/30/2019	10.52	172,697	-	-	-	172,697	0.01%
01/06/2017	01/15/2018	17.05	739,149	-	(715,683)	-	23,466	0.00%
01/06/2017	01/15/2019	17.05	739,136	-	(138,681)	(11,440)	589,015	0.03%
01/06/2017	01/15/2020	17.05	739,088	-	(146,962)	(13,709)	578,417	0.03%
01/06/2017	01/15/2021	17.05	469,895	-	(74,696)	(14,950)	380,249	0.02%
01/06/2017	04/30/2019	17.05	172,696	-	-	-	172,696	0.01%
03/29/2017	03/29/2018	19.35	201,550	-	(201,550)	-	-	0.00%
03/29/2017	03/29/2019	19.35	201,550	-	-	-	201,550	0.01%
03/29/2017	03/30/2020	19.35	302,326	-	-	-	302,326	0.01%
03/29/2017	03/29/2021	19.35	302,326	-	-	-	302,326	0.01%
03/29/2017	01/10/2020	19.35	718,475	-	-	-	718,475	0.04%
03/29/2017	01/10/2021	19.35	718,475	-	-	-	718,475	0.04%
11/13/2017	11/13/2018	22.70	143,399	-	(121,150)	(18,283)	3,966	0.00%
11/13/2017	11/13/2019	22.70	143,399	-	(1,101)	(19,384)	122,914	0.01%
11/13/2017	11/13/2020	22.70	143,374	-	(734)	(19,750)	122,890	0.01%
11/13/2017	11/15/2021	22.70	143,368	-	(550)	(19,932)	122,886	0.01%
01/08/2018	01/15/2019	23.90	-	736,397	(22,487)	(21,283)	692,627	0.03%
01/08/2018	01/15/2020	23.90	-	736,257	(11,721)	(33,579)	690,957	0.03%
01/08/2018	01/15/2021	23.90	-	736,257	(7,700)	(37,572)	690,985	0.03%
01/08/2018	04/30/2021	23.90	-	172,690	-	-	172,690	0.01%
01/08/2018	01/14/2022	23.90	-	358,620	(3,227)	(20,643)	334,750	0.02%
			12,040,888	2,740,221	(4,990,379)	(301,509)	9,489,221	0.46%

The number of outstanding shares at December 31, 2018 is 2,044,215,807.

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b. Stock options - Long-term incentive

B3 entered into commitments with beneficiaries to hold them harmless from any potential liabilities related to the Option Plans. At December 31, 2018, the potential liabilities are recognized for R\$34,747 (R\$33,373 at December 31, 2017).

c. Matching Program

The Board of Directors from CETIP approved on November 4, 2015, the Matching Program. The program provides for the possibility of the participant investing a certain percentage of its profit sharing in the B3's shares and in return receiving the equivalent amount in cash from the B3, provided that the grace conditions are met. If the conditions are not met (investment or expiry of the grace period), the right to receive the consideration (matching) will be canceled.

The current Matching Program was implemented by CETIP in April 2017 and granted participants the right to receive the equivalent of 1.38 common share issued by the B3 for each share acquired, totaling the amount equivalent to 554,068 shares issued by B3. In addition to the amount equivalent to matching shares, participants will also be entitled, at the end of each grace period, to receive the amount equivalent to dividends and proceeds resolved by the B3 over each grace period. The granting of matching shares was divided into 4 equal batches, each equivalent to 25% of the shares, with a grace period of 12, 24, 36 and 48 months, respectively, from the date of implementation of the program.

The fair value payable is recognized as an expense with the corresponding increase in liabilities, for the period in which the executives acquire the right to payment. The liabilities are remeasured at each statement of financial position date and on settlement date at B3 shares average amount in the last thirty auctions. Any changes in fair value of the liabilities are recognized as personnel expenses in the statement of profit or loss.

B3 recognized expenses relating to the Matching Plan and related charges amounting to R\$5,490 at December 31, 2018 in B3 and in the consolidated (R\$5,414 in B3 and R\$8,005 in the consolidated at December 31, 2017).

d. Supplementary pension plan

B3 sponsors private pension plans structured in the defined contribution (DC) type with voluntary participation open to all employees. Due to the merger of CETIP into B3, the two current plans (Mercaprev and Itaú Fundo Multipatrocinado) of the B3 will be maintained until the end of 2019. For new hiring of employees of B3, until the end of 2019 the option to adhere the pension plan will only be possible via Mercaprev.

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16. Income tax and social contribution

a. Deferred income tax and social contribution - Changes

Balances and changes in deferred income and social contribution taxes are as follows:

	B3		
	2017	(Debt) credit in the income statement	(Debt) credit in the statement of comprehensive income
			2018
Deferred assets			
Tax, civil and labor contingencies	203,443	25,993	-
Tax loss carryforwards	668,234	72,879	-
Fair Value hedge – derivatives	-	117,940	-
Exchange rate variation - shares abroad	10,690	-	(2,527)
Impairment	22,273	2,965	-
Amortization/depreciation of surplus value	60,924	(10,548)	-
Revenues to be allocated	25,175	4,402	-
Investment in CETIP Lux	19,451	(15,255)	-
Intangible assets written off in the business combination (CETIP)	11,448	-	-
Exchange Variation	-	88,373	-
Other temporary differences	131,299	38,001	-
Total deferred tax assets	1,152,937	324,750	(2,527)
Deferred tax liabilities			
Goodwill amortization (1)	(4,147,346)	(478,508)	-
Market to market - Financial instruments	(30,742)	(105,388)	6,585
Exchange rate variation- shares abroad	(3,365)	-	(7,663)
Research and development of technology innovation	(13,086)	1,516	-
Surplus value of intangible assets in the business combination (CETIP)	(14,029)	-	3
Other temporary differences	(25,389)	(2,207)	-
Total deferred tax liabilities	(4,233,957)	(584,587)	(1,075)
Deferred taxes, net	(3,081,020)	(259,837)	(3,344,459)

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	Consolidated		
	2017	(Debt) credit in the income statement	(Debt) credit in the statement of comprehensive income
			2018
Deferred assets			
Tax, civil and labor contingencies	203,453	26,010	-
Tax loss carryforwards	668,234	72,879	-
Fair Value hedge - derivatives	-	117,940	-
Exchange rate variation - shares abroad	10,690	-	(2,527)
Impairment	22,273	2,965	-
Amortization/depreciation of surplus value	60,924	(10,548)	-
Revenues to be allocated	25,175	4,402	-
Investment in CETIP Lux	19,451	(15,255)	-
Intangible assets written off in the business combination (CETIP)	11,448	-	-
Exchange Variation	-	88,373	-
Other temporary differences	131,300	38,001	-
Total deferred tax assets	1,152,948	324,767	(2,527)
Deferred tax liabilities			
Goodwill amortization (1)	(4,147,346)	(478,508)	-
Marketo To Market - Financial instruments	(30,743)	(105,388)	6,577
Exchange rate variation- shares abroad	(3,365)	-	(7,663)
Research and development of technology innovation	(13,086)	1,516	-
Surplus value of intangible assets in the business combination (CETIP)	(14,031)	-	3
Other temporary differences	(25,465)	(2,129)	-
Total deferred tax liabilities	(4,234,036)	(584,509)	(1,083)
Deferred taxes, net	(3,081,088)	(259,742)	(3,610)

- (1) Deferred income tax and social contribution liabilities arising from temporary differences between the tax base of goodwill and its carrying amount on the balance sheet, considering that goodwill is still amortized for tax purposes, but is no longer amortized for accounting purposes as from January 1, 2009, resulting in a tax base smaller than the carrying amount of goodwill. This temporary difference may result in amounts becoming taxable in future periods, when the carrying amount of the asset will be reduced or settled, this requiring the recognition of a deferred tax liability.

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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 December 31, 2018 are as follows:

	Temporary differences	Income tax and social contribution losses	Total	Provision for deferred taxes and contributions	Total deferred, net
2019	234,569	-	234,569	(2,120)	232,449
2020	171,272	-	171,272	(2,120)	169,152
2021	34,497	36,299	70,796	(2,108)	68,688
2022	24,622	162,114	186,736	(2,092)	184,644
2023	8,544	284,862	293,406	(2,087)	291,319
2024	4,273	257,838	262,111	(1,044)	261,067
2025	560	-	560	-	560
From 2025 onwards	255,738	-	255,738	117,790	373,528
Goodwill (1)	-	-	-	(4,925,847)	(4,925,847)
Total	734,075	741,113	1,475,188	(4,819,628)	(3,344,440)

- (1) The deferred tax liability arising from goodwill will be realized when the difference between the goodwill tax base and its carrying amount is reversed, in full or in part, due to impairment of carrying amount of the asset, by disposal or as a result of the provisioning of the amount involved due to the change in the risk assessment of proceedings, currently classified as remote risk of loss, which challenges the amortization, for tax purposes, of goodwill generated in the merger of Bovespa Holding S.A.'s shares into B3 in May 2008 (Note 14 (g)).

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 December 31, 2018, the balance of goodwill that is deductible for income tax and social contribution purposes is R\$4,925,847 (R\$6,333,299 at December 31, 2017).

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c. Reconciliation of income tax and social contribution expense

Reconciliation 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:

	B3		Consolidated	
	2018	2017	2018	2017
Income before income tax and social contribution	2,311,914	1,518,759	2,338,409	1,577,709
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	(786,051)	(516,378)	(795,059)	(536,421)
Additions:	(38,411)	(88,398)	(40,444)	(58,297)
Non deductible expenses - permanent	(12,205)	(8,271)	(14,238)	8,661
Dividends received abroad	(5,108)	(4,185)	(5,108)	(4,185)
Exchange rate variation on foreign investment	(6,664)	(18,892)	-	-
Effect of taxes on income abroad	(14,434)	3,007	(21,098)	(2,716)
Enrollment with PERT (Note 13(f))	-	(60,057)	-	(60,057)
Exclusions:	600,500	382,927	585,295	314,218
Equity pickup	15,934	69,105	729	396
Interest on equity	487,900	313,822	487,900	313,822
Effect of profit tax abroad	19,322	-	19,322	-
Exchange rate variation on foreign investment	77,344	-	77,344	-
Other	(508)	(670)	150	(564)
Income tax and social contribution	(224,470)	(222,519)	(250,058)	(281,064)
Effective rate	9.71%	14.65%	10.69%	17.81%

d. Taxes to be offset and recoverable

Taxes to be offset and recoverable are as follows:

Description	B3		Consolidated	
	2018	2017	2018	2017
IRPJ/CSLL anticipated – current year	19,494	-	19,494	-
IRPJ and CSLL tax losses	55,565	354,908	56,250	354,908
IRRF - financial investments - current year	72,052	90,269	73,017	90,794
Foreign taxes to be offset	38,106	3,762	37,574	8,490
PIS/Cofins to be offset	19,932	1,366	20,489	1,366
Sundry taxes	23,014	32,094	26,086	32,523
Total	228,163	482,399	232,910	488,081

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17. Revenues

	B3		Consolidated	
	2018	2017	2018	2017
Gross revenue	5,260,039	3,615,649	5,351,875	4,072,109
Segment BM&F	1,398,110	1,108,126	1,398,086	1,108,107
Derivatives	1,377,566	1,089,097	1,377,566	1,089,097
Foreign exchange	20,544	19,029	20,520	19,010
Segment Bovespa	1,534,537	1,136,016	1,534,537	1,136,016
Trading – trading fees	234,499	180,071	234,499	180,071
Transactions – clearing and settlement	1,265,676	924,220	1,265,676	924,220
Other	34,362	31,725	34,362	31,725
Cetip securities segment (UTVM)	1,217,522	548,707	1,217,522	834,748
Registration	130,774	59,897	130,774	89,357
Custody	541,734	247,656	541,734	375,890
Monthly use	295,972	122,232	295,972	184,853
Transactions	122,081	64,316	122,081	101,799
Other service revenues	126,961	54,606	126,961	82,849
Cetip segment (UFIN)	484,694	196,856	526,564	323,306
SNG	184,538	82,339	184,538	122,067
Contract system	262,464	97,989	262,464	148,119
Market data and solution development	35,974	15,667	77,844	51,913
Other revenues from financing services	1,718	861	1,718	1,207
Other revenues	625,176	625,944	675,166	669,932
Marketable securities lending	116,399	100,405	116,399	100,405
Marketable securities listing	60,771	57,247	60,771	57,247
Depository, custody and back-office	253,583	227,228	253,583	227,228
Trading member access	48,017	40,105	48,017	40,105
Market data – market quotations and informations	121,863	108,255	121,863	108,255
Bank – financial intermediation and bank fees	-	-	36,203	37,235
Other	24,543	92,704	38,330	99,457
Deductions	(514,664)	(357,737)	(519,960)	(398,513)
PIS and COFINS	(428,236)	(303,173)	(431,908)	(335,720)
Service Taxes	(86,428)	(54,564)	(88,052)	(62,793)
Net revenue	4,745,375	3,257,912	4,831,915	3,673,596

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18. Expenses related to the business combination with CETIP

Description	B3		Consolidated	
	2018	2017	2018	2017
Integration and terminations for gain synergies	(28,621)	(143,422)	(28,621)	(143,422)
Termination/retention packages approved at the Special/General meeting held on 04/28/17	(26,262)	(84,631)	(26,262)	(84,631)
Advisors and trademark	(8,439)	(40,419)	(8,439)	(40,994)
Total	(63,322)	(268,472)	(63,322)	(269,047)

19. Sundry expenses

Description	B3		Consolidated	
	2018	2017	2018	2017
Expenses with sundry provisions (1)	(102,260)	(51,805)	(105,123)	(61,711)
Contributions and donations	(22,756)	(23,272)	(22,913)	(23,717)
Electricity, water and sewage	(18,542)	(19,932)	(18,964)	(20,838)
Other	(31,215)	(32,903)	(30,916)	(35,557)
Total	(174,773)	(127,912)	(177,916)	(141,823)

(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 and the monetary contribution to be paid into the Fund for the Defense of Diffuse Rights, for the purpose of closing the administrative inquiry handled by CADE, whose proposal was included as part of the Consent Order filed on September 11, 2018 and approved, without considering the merits, on October 3, 2018.

20. Financial result

	B3		Consolidated	
	2018	2017	2018	2017
Financial income				
Revenue from financial assets measured at fair value	442,203	847,509	451,387	885,148
Exchange rate variation	(1,725)	16,480	1,073	10,264
Other financial revenues	44,995	41,977	45,138	21,161
Dividends on shares abroad	15,025	12,310	15,025	12,310
(-) PIS and Cofins on financial revenues	(23,687)	(39,688)	(23,827)	(41,755)
	476,811	878,588	488,796	887,128
Financial expenses				
Interest on debt abroad	(152,264)	(129,707)	(152,264)	(129,707)
Exchange rate variation	(260,083)	(16,277)	(85,488)	(8,391)
Fair value hedge	(79,091)	(150,996)	(79,091)	(150,996)
Loss from cash flow hedging instrument	10,516	(10,962)	10,516	(10,962)
Funding interest – Debentures	(193,416)	(317,477)	(193,416)	(331,820)
Funding interest - Loans and Financing	(86,879)	(37,744)	(26,222)	(20,959)
CDI restatement - Redemption of preferred shares	-	(76,855)	-	(76,855)
Other financial expenses	(14,713)	(54,349)	(16,513)	(63,931)
	(775,930)	(794,367)	(542,478)	(793,621)
Financial result	(299,119)	84,221	(53,682)	93,507

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21. Segment information

Consolidated information based on reports used by the Executive Board for making decisions, comprising the following segments: Bovespa, BM&F, Institutional and Corporate Products, marketable securities segment (UTVM) and financing segment (UFIN) is stated below. 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.

	2018 Consolidated					
	BM&F Segment	Bovespa Segment	Institutional and Corporate Products Segment	CETIP UTVM Segment	CETIP UFIN Segment	Total
Revenue	1,260,760	1,381,989	603,120	1,093,296	492,750	4,831,915
Adjusted operating expense	(258,797)	(266,914)	(210,488)	(170,282)	(276,465)	(1,182,946)
Long-Term Incentive	(32,929)	(33,118)	(24,163)	(23,844)	(10,846)	(124,900)
Other provisions	(29,464)	(31,516)	(15,885)	(26,282)	(5,829)	(108,976)
Income before depreciation and amortization	939,570	1,050,441	352,584	872,888	199,610	3,415,093
Depreciation and amortization	(40,092)	(40,153)	(25,931)	(739,676)	(107,253)	(953,105)
Income after depreciation and amortization	899,478	1,010,288	326,653	133,212	92,357	2,461,988
Related to the business combination with CETIP						(63,322)
Equity pickup						2,147
Financial result						(53,682)
Income tax and social contribution						(250,058)
Impairment of assets						(8,722)
Net income for the year						2,088,351

	2017 Consolidated					
	BM&F Segment	Bovespa Segment	Institutional and Corporate Products Segment	CETIP UTVM Segment	CETIP UFIN Segment	Total
Revenue	993,512	1,018,535	600,651	764,697	296,201	3,673,596
Adjusted operating expense	(185,248)	(210,844)	(201,808)	(104,610)	(79,549)	(782,059)
Long-Term Incentive	(28,796)	(29,493)	(34,582)	(4,885)	(1,683)	(99,439)
Allowance for doubtful accounts and other provisions	(76,172)	(75,438)	(46,888)	(46,887)	(13,561)	(258,946)
Income before depreciation and amortization	703,296	702,760	317,373	608,315	201,408	2,533,152
Depreciation and amortization	(65,012)	(39,872)	(22,502)	(517,064)	(71,110)	(715,560)
Income after depreciation and amortization	638,284	662,888	294,871	91,251	130,298	1,817,592
Related to combination with CETIP						(269,047)
Equity pickup						1,165
Financial result						93,507
Income tax and social contribution						(281,064)
Impairment of assets						(65,508)
Net income for the year						1,296,645

B3 S.A. - Brasil, Bolsa, Balcão

Notes to Financial Statements

December 31, 2018 and 2017

(In thousands of reais, unless otherwise stated)

22. Other information

a. The amount of salaries and social charges in the consolidated refer mainly to profit sharing in 2018 - R\$165,656 (2017 - R\$112,251), long-term incentive programs settled in cash (Matching) in 2018 - R\$8,707 (2017 - R\$7,348), charges on long-term incentive programs in 2018 - R\$76,083 (2017 - R\$48,592) and vacation pay in 2018 - R\$53,693 (2017 - R\$66,247).

b. The amount of taxes and contribution payable refer mainly to federal taxes and contributions in the consolidated in 2018 - R\$46,454 (2017 - R\$93,451) and taxes and contributions withheld at source in 2018 in the consolidated - R\$71,656 (2017 - R\$92,263).

c. Earnings and rights on securities in custody refer to dividends and interest on equity received from publicly-held companies to be transferred to custody agents and from these custody agents to their customers, who hold ownership interest in these companies in 2018 - R\$59,850 (2017 - R\$63,127).

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 December 31, 2018, 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)	4,573,064
Works of art	1,077
Total	5,212,951

This refers to the provision of collateral to obtain the suspension of the tax debt enforceability.

e. The APBM&FBOVESPA is a not-for-profit entity engaged in promoting educational, social welfare and sports activities is supported by the BM&FBOVESPA Institute that has B3 as its founding member. figures as a defendant in legal and administrative proceedings involving tax matters, classified as probable loss, most of which are related to challenges by Brazilian IRS about social security contributions allegedly owed by APBM&FBOVESPA on payments made to third parties and on sponsorships to athletes of the BM&FBOVESPA Athletics Club. If the outcome of these proceedings is not favorable to APBM&FBOVESPA, B3 may have to provide funds to maintain the activities of APBM&FBOVESPA. The amount involved in the aforementioned proceedings at December 30, 2018, totals R\$22,359 (R\$21,653 at December 31, 2017).