

# 1Q18

**MARKET CAPITALIZATION**

R\$55.0 billion on Mar 30, 2018

R\$50.8 billion on May 10, 2018

**1Q18 SHARE COUNT**

Weighted avrg: 2,042,104,595

End of period: 2,042,233,830

**STOCK PERFORMANCE**

Quarter ending in Mar'18: +17,2%

**CONFERENCE CALL (English)**

Date: May 11, 2018

Time: 11a.m. (BrT) / 10a.m. (NYT)

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**Live webcast and presentation:**
<http://choruscall.com.br/b3/1q18.htm>
[www.bmfbovespa.com.br/ir](http://www.bmfbovespa.com.br/ir)

Double-digit revenue growth for BM&F (+23.4%), Bovespa (+30.1%) and Cetip Liens and Loans (+16.1%) segments.

New business model adopted for the vehicle loans Contracts System service (Cetip liens and loans segment) impacted revenues, expenses and net income, and led to the release of a new guidance.

1Q18 recurring net income<sup>1</sup> reached R\$448.2 million, while adjusted EBITDA<sup>2</sup> was R\$760.2 million.

**São Paulo, Brazil, May 10, 2018.** B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: B3SA3) reported today its first-quarter earnings for the period ending on March 31, 2018 (1Q18). In order to allow a better understanding of B3’s performance in a year-over-year (yoy) comparison, the numbers of the first quarter of 2017 (1Q17) are based on a combined non-audited income statement (see details in the appendix).

B3 revised its previously announced 2018 expenses (OPEX) guidance and also disclosed a specific guidance for revenue-linked expenses (please refer to Guidance for 2018 expenses section for details). The current expenses guidance for 2018 are:

- Adjusted OPEX<sup>3</sup>: R\$960 – R\$1,000 million (revised);
- D&A: R\$910 – 980 million (maintained);
- Revenue-linked expenses: R\$200 – R\$220 million (new);
- Expenses related to the combination with Cetip: R\$55 – R\$75 million (maintained).

Other B3’s guidance for 2018 are reaffirmed (please refer to the [Material Fact](#) disclosed on May 10, 2018).

**Highlights of 1Q18:**

- In the BM&F segment, average daily volume (ADV) was 36.7% higher than in 1Q17, while average revenue per contract (RPC) decreased 4.7% yoy;
- In the Bovespa segment, average daily trading value (ADTV) grew 40.6% over 1Q17, while trading and post-trading margins decreased 3.6% yoy;
- In the Cetip securities segment, volumes of securities and contracts registered remained stable, while overall value outstanding grew by 6.4%;
- In the Cetip liens and loans segment, the number of vehicles financed grew by 8.5%, reflecting growth in the number of vehicles sold and increased credit penetration in this market;
- Total debt at 2.0x LTM adjusted EBITDA;
- Distribution of R\$200 million in interest on capital approved in Apr'18.

**Chief Executive Officer of B3, Gilson Finkelsztain**, said: “The beginning of 2018 continued to show positive market conditions. We witnessed all-time high volumes in both the equity and the listed derivatives markets, reflecting higher stock prices and risk appetite from investors. In the vehicles liens and loans segment, the business model adopted in some states is changing as a result of changes in the regulatory framework. Despite some marginal loss for B3 in profitability, we have been able to preserve most of our economics in this business, which in our view confirms that the services offered by B3 are, and will continue to be, value-added to our clients. Finally, our focus in the integration of B3 continues, with particular emphasis in efforts related to enhancing our relationship with clients and market participants, developing and improving products and services offered to the market, and strengthening our corporate culture.”

**Chief Financial and Investor Relations Officer, Daniel Sonder**, added: “1Q18 was another solid quarter in terms of operating performance. Net revenue increased 18.2% versus 1Q17, with growth in all B3’s business segments. This was also the first quarter we saw the full impact of expense synergies from the combination with Cetip, which allowed us to offset most of the pressures created by inflationary adjustments of wages and contracts and by the conclusion of relevant projects. Another relevant event that occurred this quarter was related to the new regulatory framework and business model adopted by the state of São Paulo regarding the Contracts System service, impacting positively revenues and negatively both expenses and bottom line in 1Q18. Because of this change, we revised our 2018 adjusted expense guidance to reflect this additional revenue-linked expenses expected for the year. Although now a larger piece of our total expense is exposed to market activity, we maintain our expense management discipline regarding all the lines that are under our direct control (i.e. not revenue-linked). Deleveraging the balance sheet continues to be a priority for 2018-19, and we have declared a distribution of R\$ 200.0 million in April.”

**Income statement summary (in R\$ millions)**

|                        | 1Q18    | 1Q17    | 1Q18/1Q17 (%) | 4Q17    | 1Q18/4Q17 (%) |
|------------------------|---------|---------|---------------|---------|---------------|
| Net revenues           | 1,111.9 | 940.9   | 18.2%         | 1,033.6 | 7.6%          |
| Expenses               | (602.8) | (754.5) | -20.1%        | (589.4) | 2.3%          |
| Operating income       | 509.1   | 186.4   | 173.1%        | 444.2   | 14.6%         |
| Operating margin       | 45.8%   | 19.8%   | 2,598 bps     | 43.0%   | 281 bps       |
| Financial result       | (22.5)  | 198.8   | -111.3%       | (25.2)  | -10.9%        |
| Adjusted expenses      | (224.7) | (231.5) | -2.9%         | (283.7) | -20.8%        |
| Adjusted EBITDA        | 760.2   | 641.8   | 18.4%         | 672.9   | 13.0%         |
| Adjusted EBITDA margin | 68.4%   | 68.2%   | 15 bps        | 66.6%   | 181 bps       |
| Recurring net income   | 448.2   | 527.2   | -15.0%        | 635.8   | -29.5%        |

<sup>1</sup> See reconciliation on page 4.

<sup>2</sup> See reconciliation on page 3.

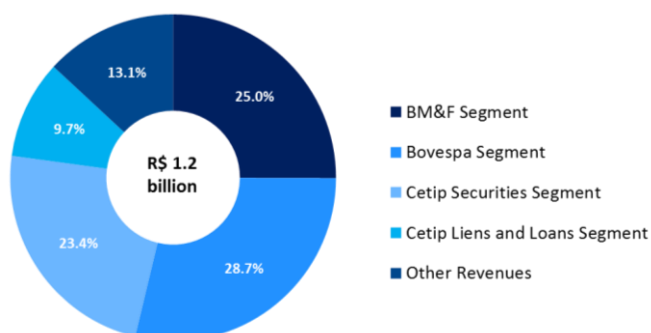
<sup>3</sup> See reconciliation on page 3.

## ANALYSIS OF 1Q18 FINANCIAL RESULTS

### REVENUES

**Total revenues:** reached R\$1,234.6 million in 1Q18, 18.3% higher than in 1Q17, reflecting growth in all segments, as detailed below.

**1Q18 Revenues Breakdown (% of total revenues)**



**BM&F segment:** reached R\$309.2 million (25.0% of total), up by 23.4% compared to 1Q17, reflecting the 36.7% ADV increase in the period. On the other hand, the average RPC fell 4.7%, partially offsetting the ADV growth (see performance by segment section). It is worth noting that, revenues recognized in this segment were impacted by the cash flow hedge set up to cover the impacts of foreign exchange variation on a portion of USD-denominated revenue of this segment (FX rates and Interest rates in USD contracts). If we exclude the effect of this cash flow hedge<sup>4</sup>, revenues from this segment would have increased by 22.6% when compared to 1Q17.

**Bovespa segment:** reached R\$354.3 million (28.7% of total), up by 30.1% when compared to 1Q17. Revenues from volumes traded (trading and post-trading) amounted to R\$349.5 million, up by 31.2% over the same period of the previous year, reflecting a growth of 40.6% in the ADTV, which was partially offset by a 3.6% decrease in trading/post-trading margins (see performance by segment section).

**Cetip Securities segment:** reached R\$288.9 million in 1Q18 (23.4% of total), up by 5.1% over 1Q17. This performance is mainly explained by the 23.8% growth in monthly utilization revenues, which were largely impacted by the adjustment in the price table applied on this service as from Jan'18, and the 17.7% increase in registration revenues that was boosted by the increase in volume of bank funding instruments (mainly CDBs) issued and higher fees from OTC derivatives (see performance by segment section). Additionally, it is worth note that the 1Q18 revenue in this segment reflects the full impact of the sharing of expense synergies from the business combination with Cetip, which was translated in price discounts amounting to R\$7.8 million and applied on different revenue lines of this segment.

**Cetip Liens and Loans segment:** reached R\$120.3 million in 1Q18 (9.7% of total), up by 16.1% against 1Q17. The 10.9% growth in SNG revenue mainly reflects the increase of 8.5% in the number of vehicles financed (see performance buy segment section). The increase of 25.1% in Contracts System revenues is related to the adoption of a new business model for this service in the state of São Paulo.

Under the new model adopted in the state of São Paulo, B3 transmits, on behalf of its clients (financial institutions), detailed information about loans to an accredited registering company (Registering Company), which, in turn, registers the contracts with the local traffic department (Department of Motor Vehicles, DMV). In the previous model, B3 transmitted the information directly to the local DMV, which executed the registration of the loan. Under this new model, B3 now bundles in the price charged by B3 from financial institutions both the fees related to its own services and the fees related to services provided by the Registering Company. This had a positive impact on the revenues reported under the Contract System. On the other hand, the amount related to the services rendered by the Registering Company is booked as an expense by B3 (third-party services), and thus while revenues went up, so did expenses.

B3 worked with its clients and other partners to adjust several aspects of the economics of this business, and yet there was a negative impact for B3. In summary, under this new model, the Company will earn from each contract transmitted R\$26.34<sup>5</sup>, after paying the cost of the services provided by the Registering Company, the sharing of revenues with other partners and taxes on revenue (in the previous model, B3 used to earn R\$37.50<sup>5</sup> per contract transmitted). These changes are fully reflected in 1Q18 results. Additionally, B3 has worked on initiatives to offset most of the negative impact from this new business model (rollout of these initiatives expected for the coming quarters).

If other states migrate to the same model adopted in São Paulo over the next quarters, B3's revenues and expenses will be impacted again<sup>6</sup>.

**Other revenues:** reached R\$161.9 million (13.1% of total) in 1Q18, up by 14.0% when compared to the same period of the previous year. Key highlights were as follows:

- **Depository, custody and back-office:** reached R\$61.0 million (4.9% of total), up by 19.9% against 1Q17, mainly reflecting the 33.0% increase in revenues from Tesouro Direto, which totaled R\$27.2 million in 1Q18.

<sup>4</sup> The average RPC for FX rates in USD and Interest rates contracts in 1Q17 considers the average PTAX closing rate at the end of the months of Dec'16, Jan'17, and Feb'17 (R\$3.16), while the average RPC for 1Q18 considers the average PTAX closing rate at the end of the months of Dec'17, Jan'18, and Feb'18 (R\$3.24). From Jan'17 to Jan'18, the Company designated monthly payments of the loan in foreign currency contracted in Dec'16 to set up the cash flow hedge. For Feb'18 and Mar'18, the Company used non-deliverable forwards (NDFs) to hedge this structure as from Oct'17 (see note 4). Accordingly, with the adoption of the cash flow hedge, from Jan'17 to Jan'18, revenues were recognized based on the exchange rate of R\$3.37, and of R\$3.28 for Feb'18 and Mar'18. The Company interrupted the use of revenues hedge in USD in Mar'18.

<sup>5</sup> Earn per loan before other operating expenses and income tax.

<sup>6</sup> In the 12-month period between Apr'17 and Mar'18, the state of São Paulo represented 44% of the total number of contracts transmitted by B3 and 30% of the total number of vehicles financed in the country (B3 does not offer the contract transmission service in some states of Brazil).

- **Access of market participants:** totaled R\$11.6 million (0.9% of total), up by 39.2% against the same period of the previous year, mainly because of the introduction of a new pricing policy as from the second half of 2017.
- **Others:** reached R\$11.1 million (0.9% of total), up by 116.7% against 1Q17, mainly due to the reversal of expenses of R\$4.3 million in this quarter because the discount offered in the Aug' 17 tax relief program in which B3 enrolled was higher than initially expected.

**Net revenues:** net revenues increased by 18.2% against 1Q17, reaching R\$1,111.9 million in 1Q18.

## EXPENSES

**Expenses:** Expenses reached R\$602.8 million in 1Q18, down by 20.1% when compared to the same period of the previous year. Excluding amortization of intangible assets of R\$187.2 million recognized in the combination with Cetip, total expenses would have been R\$415.6 million, a 44.9% decrease yoy, mainly explained by the recognition, in 1Q17, of non-recurring expenses (R\$268.2 million relating to the combination with Cetip, and R\$134.3 million in provisions, without cash impact).

**Adjusted expenses:** amounted R\$224.7 million, a 2.9% decreased over 1Q17.

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

|  | 1Q18           | 1Q17           | 1Q18/1Q17 (%) | 4Q17           | 1Q18/4Q17 (%) |
|--|----------------|----------------|---------------|----------------|---------------|
| <b>Expenses</b>                              | <b>(602.8)</b> | <b>(754.5)</b> | -20.1%        | <b>(589.4)</b> | 2.3%          |
| (+) Depreciation and amortization            | 236.0          | 53.0           | 345.6%        | 234.6          | 0.6%          |
| (+) Long term stock-based compensation       | 34.9           | 32.8           | 6.3%          | 20.6           | 69.2%         |
| (+) Related to the combination with Cetip    | 15.1           | 268.2          | -94.4%        | 43.6           | -65.4%        |
| (+) Provisions (recurring and non-recurring) | 49.7           | 148.3          | -66.5%        | (22.6)         | -320.4%       |
| (+) Revenue-linked expenses                  | 42.4           | 20.7           | 105.2%        | 29.6           | 43.6%         |
| <b>Adjusted expenses</b>                     | <b>(224.7)</b> | <b>(231.5)</b> | <b>-2.9%</b>  | <b>(283.7)</b> | <b>-20.8%</b> |

Note: as of 1Q18 B3 started to release revenue-linked expenses guidance. In order to allow a better comparison, it started to release the revenue-linked expenses for the previous quarters.

**Personnel:** totaled R\$180.3 million in 1Q18, stable (+0.5%) against 1Q17. The effects from the annual collective bargaining agreement of Aug'17 (approximately 3.0%) to the Company's salary base and lower amount of personnel expenses capitalized in projects were almost fully offset by the expense synergies from the business combination with Cetip.

**Depreciation and amortization:** totaled R\$236.0 million in 1Q18, impacted by the amortization of intangible assets recognized from the business combination with Cetip in the amount of R\$187.2 million.

**Third-party services:** totaled R\$46.7 million in 1Q18, up by 77.2% against 1Q17, due to the increase in revenue-linked expenses, which amounted to R\$42.4 million in 1Q18 versus R\$20.7 million in 1Q17. As explained above, due to the implementation of the new business model for the Contracts System in the State of São Paulo, the costs related to the Registering Company are now recognized as an expense.

**Related to the combination with Cetip:** amounted to R\$15.1 million in 1Q18, mainly comprising extraordinary expenses with personnel, and expenses related to advisors and consultants.

**Others:** amounted to R\$62.5 million in 1Q18. Within this expense group, provisions are the most relevant item and are mainly composed by (i) adjustment of provisions for legal disputes, for which a portion of the amount under discussion is updated according to the market price of our stock B3SA3<sup>7</sup> (approximately R\$30.0 million in 1Q18) and (ii) provisions for success fees (approximately R\$8.0 million). Additionally, the yoy comparison was impacted by R\$134.3 million in non-recurring provisions recognized in 1Q17, mainly related to the harmonization of the method for classification of chances of loss (remote, possible and probable) in certain legal disputes of Cetip.

## ADJUSTED EBITDA

**Adjusted EBITDA:** amounted to R\$760.2 million, 18.4% higher than in 1Q17. Adjusted EBITDA margin was 68.4%, 15 bps higher in the yoy comparison, as detailed below.

### Reconciliation of adjusted EBITDA (in R\$ millions)

|  | 1Q18         | 1Q17         | 1Q18/1Q17 (%) | 4Q17         | 1Q18/4Q17 (%)  |
|--|--------------|--------------|---------------|--------------|----------------|
| <b>EBITDA</b>                                      | <b>745.2</b> | <b>239.4</b> | 211.3%        | <b>678.7</b> | 9.8%           |
| (+) Expenses related to the combination with Cetip | 15.1         | 268.2        | -94.4%        | 43.6         | -65.4%         |
| (+) Non-recurring provisions                       | -            | 134.3        | -100.0%       | (49.4)       | -100.0%        |
| <b>Adjusted EBITDA</b>                             | <b>760.2</b> | <b>641.8</b> | <b>18.4%</b>  | <b>672.9</b> | <b>13.0%</b>   |
| <i>Adjusted EBITDA margin</i>                      | <i>68.4%</i> | <i>68.2%</i> | <i>15 bps</i> | <i>66.6%</i> | <i>181 bps</i> |

## OTHER FINANCIAL HIGHLIGHTS

**Cash and cash equivalents:** short- and long-term cash, cash equivalents and financial investments as of March 31, 2018 amounted to R\$7,547.8 million, composed mainly of: (i) B3's own cash, which totaled R\$4,961.0 million<sup>8</sup> and includes between R\$2.5 billion-R\$3.0 billion that make up the Company's usual liquidity requirements to run the business; and (ii) R\$1,720.9 million in third-party cash, consisting largely of cash collateral pledged to the Company's clearinghouses by clients.

<sup>7</sup> The number of shares equivalent to the amount under discussion is 5,186,739 B3SA3 stocks. B3SA3's closing price was R\$26.69 in the end March 2018, against R\$22.78 in the end of December 2017, up by 17.2%.

<sup>8</sup> Does not include investments in Bolsa Mexicana de Valores, Bolsa de Comercio de Santiago, Bolsa de Valores de Colombia and Bolsa de Valores de Lima amounting R\$335.7 million at 1Q18, booked as financial investments.

**Indebtedness:** at the end of 1Q18, the Company had R\$5,667.9 million in gross debt outstanding (71.6% non-current and 28.4% current), which is equivalent to 2.0x adjusted EBITDA in the last twelve months. The debt outstanding includes principal and accrued interest, as well as the net exposure in derivative instruments. Key maturities include: (i) R\$1.5 billion in Dec'18, (ii) R\$1.5 billion in Dec'19 and (iii) R\$2.0 billion (USD612 million) in Jul'20. The 2020 Notes in the amount of USD612 million are fully hedged for principal and interest since Mar'18.

**Financial result:** was negative by R\$22.5 million in 1Q18. The yoy comparison was mainly impacted by the fact that in 1Q17 the Company was holding a higher cash position and interest rates were significantly higher.

**Financial income:** amounted to R\$119.2 million, down by 75.0% against 1Q17, mainly explained by the reduction in average cash (in Apr'17, R\$8.4 billion were paid to former shareholders of Cetip) and lower interest rates.

**Financial expenses:** amounted to R\$141.7 million, a 49.0% drop compared to 1Q17, mainly explained by the positive effect of: (i) lower indebtedness (particularly, the retirement of a R\$500 million debenture in Sep'17); and (ii) lower interest rates charged on the Company's debt.

**Income tax and social contribution:** income tax and social contribution totaled R\$172.9 million in 1Q18. Current tax totaled R\$24.6 million, including R\$3.0 million in taxes with cash impact. Deferred income tax and social contribution in the amount of R\$148.3 million, with no cash impact, include temporary differences from the tax amortization of goodwill, which totaled R\$119.6 million in 1Q18, and by the recognition of deferred tax in the amount of R\$28.7 million, mainly due to the creation of tax credits.

**Net income (attributable to shareholders):** net income attributable to B3's shareholders reached R\$314.7 million, up by 50.6% yoy, reflecting the increase in revenues, reduction in non-recurring expenses and impact of expense synergies already captured.

Excluding non-recurring items (see table below), the recurring net income would have reached R\$448.2 million in 1Q18, 15.0% lower than in 1Q17, mainly impacted by a decrease in the Company's financial result. Additionally, if the net income were adjusted by the tax benefit of the Cetip's goodwill amortization, in a cash taxes approach, it would have totaled R\$567.8 million.

#### Reconciliation of net income (in R\$ millions)

|  | 1Q18         | 1Q17         | 1Q18/1Q17 (%) | 4Q17         | 1Q18/4Q17 (%) |
|--|--------------|--------------|---------------|--------------|---------------|
| <b>Net income (attributable to shareholders)</b>             | <b>314.7</b> | <b>209.0</b> | <b>50.6%</b>  | <b>516.1</b> | <b>-39.0%</b> |
| (+) Related to the combination with Cetip                    | 9.9          | 177.8        | -94.4%        | 28.8         | -65.4%        |
| (+) Non-recurring provisions                                 | -            | 88.6         | -             | (32.6)       | -             |
| (+) Impairment   | -            | 43.2         | -             | -            | -             |
| (+) Amortization of intangibles from combination with Cetip  | 123.6        | -            | -             | 123.6        | 0.0%          |
| (+) Amortization of intangibles from combination with GRV    | -            | 8.6          | -             | -            | -             |
| <b>Recurring net income</b>                                  | <b>448.2</b> | <b>527.2</b> | <b>-15.0%</b> | <b>635.8</b> | <b>-29.5%</b> |
| (+) Deferred Tax (goodwill from Bovespa combination)         | -            | 133.1        | -             | 133.1        | -             |
| (+) Deferred Tax (goodwill from Cetip combination)           | 119.6        | -            | -             | 119.6        | 0.0%          |
| <b>Recurring net income adjusted by goodwill tax benefit</b> | <b>567.8</b> | <b>660.3</b> | <b>-14.0%</b> | <b>888.5</b> | <b>-36.1%</b> |

**CAPEX:** capital expenditures totaled R\$40.9 million in 1Q18. Of this amount, R\$33.8 million were invested in IT projects, particularly in technological upgrades of the PUMA trading system.

**Distributions to shareholders:** interest on capital of R\$200.0 million was approved in Apr'18 and paid to shareholders on May 8, 2018.

#### GUIDANCE FOR THE 2018 EXPENSES<sup>9</sup>

B3 reviewed its guidance for 2018 adjusted expenses and started to disclose also the range for revenue-linked expenses. We believe that given the changes in the Contracts System described above, and the relevance of such expenses in the total expenses of the Company, it will be helpful for investors to have an additional breakdown of our expense guidelines. This will allow investors to track the adjusted expenses of B3 over time making consistent comparisons of those expenses which are not linked to revenues, while also having visibility of the expenses that are tied to the performance of our revenues, particularly of the Contracts System. B3 reaffirms the 2018 guidance for depreciation and amortization expenses and expenses related to the business combination with Cetip.

#### 2018 expense budgets (in R\$ millions)

|   | 2017 Actual | 2018 Budget | Comments   |
|---|-------------|-------------|--|
| Adjusted expenses   | 971.6       | 960 - 1,000 | Expenses exposed, mostly, to inflation readjustments (wages and contracts)   |
| Depreciation & amortization                               | 742.1       | 910 - 980   | In 2017, the intangible assets recognized in the business combination with Cetip started to be amortized in Apr'17 (9 months), while for 2018 the budget considers 12 months of amortization |
| Linked to revenues  | 95.8        | 200 - 220   | Impact of the cost related to the Registering Company, according to the new business model of Contract System adopted in the state of São Paulo in Jan'18                                    |
| Related to the combination with Cetip                     | 491.8       | 55 - 75     | Considerable yoy decline due to the progress in the integration process  |
| Others:   |             |             |  |
| - Stock grant   | 108.0       | -           |  |
| - Recurring provisions                                    | 92.3        | -           |  |
| - Other non-recurring (includes non-recurring provisions) | 107.4       | -           | B3 does not disclose guidance for expenses related to the stock grant program, provisions and other non-recurring events that may materialize during the year                                |

<sup>9</sup> For more information on budgets and projections disclosed by B3, see Material Fact released on May 10, 2018.

## PERFORMANCE BY SEGMENT

**BM&F segment:** ADV for the BM&F segment increased 36.7% over 1Q17, reaching 3.6 million contracts in 1Q18. Interest rate in BRL represented 58.3% of total traded volume with 28.3% ADV growth yoy. Moreover, all groups of products grew in the period. The highlights were Stock indices contracts, which grew 125.5% compared to 1Q17 and new products, such as the IPCA Coupon (inflation-linked futures) contracts which grew 175.0% yoy and reached an ADV of 15.4 thousand contracts.

Average RPC was R\$1.388 down 4.7% yoy. The fall is due to: (i) changes in the mix, with an increased share of options and Stock indices contracts, whose RPC are lower than average, and (ii) the increase in the share of HFTs and day trade operations, which are eligible for discounts.

**Bovespa segment:** ADTV for equities reached R\$11.3 billion in 1Q18 (ADTV of R\$13.1 billion in Feb'18 was all time high for a month), 40.6% growth yoy. This performance results from a combination of 29.4% increase in average market capitalization and higher turnover velocity (77.7% in 1Q18 versus 71.7% in 1Q17).

The trading and post-trading margin reached 5.152 bps in 1Q18 compared to 5.342 bps in 1Q17, a 3.6% decrease explained by: (i) the lower participation of derivatives, which pay higher rates; and (ii) the increased share of volumes related to the maturity of indices, which are not charged. Additionally, in all months of the quarter, the ADTV was above R\$9 billion, which led to marginal discounts to the market as a whole.

**Cetip Securities segment:** the value of fixed income instruments registered in 1Q18 was up 24.7% yoy, driven mainly by a 66.3% increase in the value of time deposits (CDBs) registered. This growth was offset by lower value of OTC derivatives and structured notes registered in the quarter. The stock of registered assets, on which maintenance fees<sup>10</sup> are applied, reached R\$6.5 trillion, up by 6.4% when compared to 1Q17.

The average registration fee of fixed income instruments decreased by 10.0% yoy, impacted by the change in the mix of products and the migration of customers to lower price ranges, in accordance with the progressive table of discounts by volume. On the other hand, the average price charged for the registration of OTC derivatives and structured notes increased by 39.7% against 1Q17, mainly due to a lower number of swap contracts, whose prices are subject to a price cap.

**Cetip Liens and Loans segment:** the volume of liens registered was positively impacted by the 8.5% increase in the number of vehicles financed when compared to 1Q17, resulting from a 2.9% increase in the total number of vehicles sold and an increase in credit penetration, from 30.7% of total vehicles sold in 1Q17 to 32.4% in 1Q18.

In the Contracts System, the number of contracts transmitted dropped by 2.7% against 1Q17, due to the decrease in B3's market share, from 74.4% in 1Q17 to 66.7% in 1Q18, reflecting the interruption of this service in the state of Minas Gerais as of Sep'17.

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<sup>10</sup>Maintenance fees are charged monthly on the outstanding value of securities and contracts in the system.

## SUMMARY OF CONSOLIDATED BALANCE SHEET

| ASSETS<br><i>(In R\$ thousands)</i> | Mar 31, 2018      | Dec 31, 2017      | LIABILITIES AND EQUITY<br><i>(In R\$ thousands)</i> | Mar 31, 2018      | Dec 31, 2017      |
|-------------------------------------|-------------------|-------------------|---|-------------------|-------------------|
| <b>Current assets</b>               | <b>7,509,318</b>  | <b>6,506,030</b>  | <b>Current liabilities</b>                          | <b>4,347,228</b>  | <b>5,494,563</b>  |
| Cash and cash equivalents           | 252,615           | 711,140           | Collateral for transactions                         | 1,647,810         | 2,171,449         |
| Financial investments               | 6,499,792         | 4,926,832         | Financial instruments for hedge                     | 19,258            | 21,345            |
| Others                              | 756,911           | 868,058           | Loan  | 5,843             | 43,232            |
| <b>Non-current assets</b>           | <b>29,478,244</b> | <b>31,073,849</b> | Debentures  | 1,563,193         | 1,513,167         |
| <b>Long-term receivables</b>        | <b>1,159,704</b>  | <b>2,563,595</b>  | Others  | 1,111,124         | 1,745,370         |
| Financial investments               | 795,426           | 2,197,268         | <b>Non-current liabilities</b>                      | <b>7,994,941</b>  | <b>7,775,302</b>  |
| Others                              | 364,278           | 366,327           | Debt issued abroad                                  | 1,990,729         | 2,012,331         |
| <b>Investments</b>                  | <b>45,587</b>     | <b>44,962</b>     | Loan  | 511,153           | 508,998           |
| <b>Property and equipment, net</b>  | <b>593,114</b>    | <b>573,669</b>    | Debenture   | 1,498,110         | 1,497,434         |
| <b>Intangible assets</b>            | <b>27,679,839</b> | <b>27,891,623</b> | Deferred inc. tax and social contrib.               | 3,230,198         | 3,081,088         |
| Goodwill                            | 22,338,799        | 22,338,876        | Others  | 764,751           | 675,451           |
| Software and projects               | 5,168,368         | 5,548,396         | <b>Equity</b>                                       | <b>24,645,393</b> | <b>24,310,014</b> |
| Others                              | 172,672           | 189,680           | Capital   | 3,198,655         | 3,198,655         |
|                                     |                   |                   | Capital reserve                                     | 18,384,164        | 18,399,366        |
|                                     |                   |                   | Others  | 3,062,574         | 2,701,673         |
|                                     |                   |                   | <b>Non-controlling interests</b>                    | <b>10,333</b>     | <b>10,320</b>     |
| <b>Total Assets</b>                 | <b>36,987,562</b> | <b>37,579,879</b> | <b>Total liabilities and equity</b>                 | <b>36,987,562</b> | <b>37,579,879</b> |

**COMBINED MANAGERIAL INCOME STATEMENT**

| <i>(In thousand of Brazilian Reals,<br/>unless otherwise indicated)</i> | 1Q18             | 1Q17             | 1Q18/1Q17<br>(%) | 4Q17             | 1Q18/4Q17<br>(%)  |
|---|------------------|------------------|------------------|------------------|-------------------|
| <b>Total revenues</b>   | <b>1,234,565</b> | <b>1,043,494</b> | <b>18.3%</b>     | <b>1,145,565</b> | <b>7.8%</b>       |
| <b>Trading/settlement - BM&amp;F</b>                                    | <b>309,202</b>   | <b>250,551</b>   | <b>23.4%</b>     | <b>284,064</b>   | <b>8.8%</b>       |
| Derivatives   | 304,613          | 245,522          | 24.1%            | 279,353          | 9.0%              |
| Foreign exchange  | 4,589            | 5,029            | -8.7%            | 4,711            | -2.6%             |
| <b>Bovespa segment</b>  | <b>354,305</b>   | <b>272,393</b>   | <b>30.1%</b>     | <b>306,192</b>   | <b>15.7%</b>      |
| Trading fees  | 55,769           | 44,066           | 26.6%            | 47,444           | 17.5%             |
| Clearing fees   | 293,713          | 222,310          | 32.1%            | 247,746          | 18.6%             |
| Others  | 4,823            | 6,017            | -19.8%           | 11,002           | -56.2%            |
| <b>Cetip Securities segment</b>   | <b>288,908</b>   | <b>274,949</b>   | <b>5.1%</b>      | <b>271,882</b>   | <b>6.3%</b>       |
| Registration fees   | 29,624           | 25,164           | 17.7%            | 30,301           | -2.2%             |
| Maintenance (CSD/TR)  | 126,092          | 124,734          | 1.1%             | 124,126          | 1.6%              |
| Monthly utilization   | 74,976           | 60,551           | 23.8%            | 61,257           | 22.4%             |
| Transaction fees  | 27,752           | 38,352           | -27.6%           | 28,144           | -1.4%             |
| Other revenue from services   | 30,464           | 26,148           | 16.5%            | 28,054           | 8.6%              |
| <b>Cetip liens and loans segment</b>                                    | <b>120,298</b>   | <b>103,658</b>   | <b>16.1%</b>     | <b>108,556</b>   | <b>10.8%</b>      |
| SNG   | 42,624           | 38,420           | 10.9%            | 42,454           | 0.4%              |
| Contracts Systems (Sircof)  | 60,198           | 48,118           | 25.1%            | 47,577           | 26.5%             |
| Market data and development of solutions                                | 17,134           | 16,712           | 2.5%             | 18,169           | -5.7%             |
| Other revenues  | 342              | 408              | -16.2%           | 356              | -3.9%             |
| <b>Other revenues</b>   | <b>161,852</b>   | <b>141,943</b>   | <b>14.0%</b>     | <b>174,871</b>   | <b>-7.4%</b>      |
| Securities lending  | 27,585           | 26,991           | 2.2%             | 25,276           | 9.1%              |
| Listing   | 15,261           | 14,478           | 5.4%             | 14,666           | 4.1%              |
| Depository, custody and back-office                                     | 60,996           | 50,855           | 19.9%            | 61,586           | -1.0%             |
| Trading access (Brokers)  | 11,595           | 8,330            | 39.2%            | 11,552           | 0.4%              |
| Market data   | 27,697           | 25,918           | 6.9%             | 25,397           | 9.1%              |
| BM&FBOVESPA bank  | 7,632            | 10,254           | -25.6%           | 8,466            | -9.9%             |
| Others  | 11,086           | 5,117            | 116.7%           | 27,928           | -60.3%            |
| <b>Revenue deductions</b>   | <b>(122,643)</b> | <b>(102,587)</b> | <b>19.6%</b>     | <b>(111,969)</b> | <b>9.5%</b>       |
| PIS and Cofins  | (102,280)        | (85,907)         | 19.1%            | (93,932)         | 8.9%              |
| Service tax   | (20,363)         | (16,680)         | 22.1%            | (18,037)         | 12.9%             |
| <b>Net revenues</b>   | <b>1,111,922</b> | <b>940,907</b>   | <b>18.2%</b>     | <b>1,033,596</b> | <b>7.6%</b>       |
| <b>Expenses</b>   | <b>(602,821)</b> | <b>(754,518)</b> | <b>-20.1%</b>    | <b>(589,438)</b> | <b>2.3%</b>       |
| Personnel   | (180,265)        | (179,449)        | 0.5%             | (179,142)        | 0.6%              |
| Data processing   | (45,146)         | (43,638)         | 3.5%             | (53,949)         | -16.3%            |
| Deprec. and amortization  | (236,049)        | (52,976)         | 345.6%           | (234,582)        | 0.6%              |
| Third-party services  | (46,710)         | (26,367)         | 77.2%            | (44,709)         | 4.5%              |
| Maintenance   | (5,615)          | (5,053)          | 11.1%            | (5,750)          | -2.3%             |
| Communication   | (1,759)          | (2,538)          | -30.7%           | (1,110)          | 58.5%             |
| Marketing   | (4,085)          | (5,155)          | -20.8%           | (9,051)          | -54.9%            |
| Taxes   | (1,968)          | (2,769)          | -28.9%           | (3,286)          | -40.1%            |
| Board/committees compensation   | (3,641)          | (4,248)          | -14.3%           | (3,638)          | 0.1%              |
| Related to the combination with Cetip                                   | (15,057)         | (268,217)        | -94.4%           | (43,575)         | -65.4%            |
| Others  | (62,526)         | (164,107)        | -61.9%           | (10,646)         | 487.3%            |
| <b>Operating income</b>   | <b>509,101</b>   | <b>186,389</b>   | <b>173.1%</b>    | <b>444,158</b>   | <b>14.6%</b>      |
| <i>Operating margin</i>   | <i>45.8%</i>     | <i>19.8%</i>     | <i>2,598 bps</i> | <i>43.0%</i>     | <i>281 bps</i>    |
| <b>Impairment</b>   | -                | <b>(65,508)</b>  | -                | -                | -                 |
| <b>Equity in income of investees</b>                                    | <b>1,005</b>     | <b>176</b>       | <b>471.0%</b>    | <b>155</b>       | <b>548.4%</b>     |
| <b>Financial result</b>   | <b>(22,499)</b>  | <b>198,826</b>   | <b>-111.3%</b>   | <b>(25,244)</b>  | <b>-10.9%</b>     |
| Financial income  | 119,248          | 476,564          | -75.0%           | 106,745          | 11.7%             |
| Financial expenses  | (141,747)        | (277,738)        | -49.0%           | (131,989)        | 7.4%              |
| Divestment from CME Group shares  | -                | -                | 0.0%             | -                | 0.0%              |
| <b>Income before taxes</b>  | <b>487,607</b>   | <b>319,883</b>   | <b>52.4%</b>     | <b>419,069</b>   | <b>16.4%</b>      |
| <b>Income tax and social contribution</b>                               | <b>(172,871)</b> | <b>(110,738)</b> | <b>56.1%</b>     | <b>97,078</b>    | <b>-278.1%</b>    |
| Current   | (24,574)         | (87,051)         | -71.8%           | (4,131)          | 494.9%            |
| Deferred  | (148,297)        | (23,687)         | 526.1%           | 101,209          | -246.5%           |
| <b>Net income</b>   | <b>314,736</b>   | <b>209,145</b>   | <b>50.5%</b>     | <b>516,147</b>   | <b>-39.0%</b>     |
| <i>Net margin</i>   | <i>28.3%</i>     | <i>22.2%</i>     | <i>608 bps</i>   | <i>49.9%</i>     | <i>-2,163 bps</i> |
| <b>Attributable to:</b>   |                  |                  |                  |                  |                   |
| BM&FBOVESPA's shareholders  | <b>314,723</b>   | <b>209,026</b>   | <b>50.6%</b>     | <b>516,110</b>   | <b>-39.0%</b>     |
| <i>Net margin</i>   | <i>28.3%</i>     | <i>22.2%</i>     | <i>609 bps</i>   | <i>49.9%</i>     | <i>-2,163 bps</i> |
| Minority interest   | 13               | 119              | -89.1%           | 37               | -64.9%            |

**COMBINED IFRS ACCOUNTING AND MANAGERIAL INCOME STATEMENT**

| <i>(In thousand of Brazilian Reals,<br/>unless otherwise indicated)</i> | 1Q18               | 1Q17               |                          | 1Q18/1Q17<br>(%)   |                          |
|---|--------------------|--------------------|--------------------------|--------------------|--------------------------|
|   | IFRS<br>Accounting | IFRS<br>Accounting | Managerial<br>Accounting | IFRS<br>Accounting | Managerial<br>Accounting |
| <b>Total revenues</b>   | <b>1,234,565</b>   | <b>676,502</b>     | <b>1,043,494</b>         | <b>82.5%</b>       | <b>18.3%</b>             |
| <b>BM&amp;F segment</b>   | <b>309,202</b>     | <b>250,551</b>     | <b>250,551</b>           | <b>23.4%</b>       | <b>23.4%</b>             |
| Derivatives   | 304,613            | 245,522            | 245,522                  | 24.1%              | 24.1%                    |
| Foreign exchange  | 4,589              | 5,029              | 5,029                    | -8.7%              | -8.7%                    |
| <b>Bovespa segment</b>  | <b>354,305</b>     | <b>272,393</b>     | <b>272,393</b>           | <b>30.1%</b>       | <b>30.1%</b>             |
| Trading fees  | 55,769             | 44,066             | 44,066                   | 26.6%              | 26.6%                    |
| Clearing fees   | 293,713            | 222,310            | 222,310                  | 32.1%              | 32.1%                    |
| Others  | 4,823              | 6,017              | 6,017                    | -19.8%             | -19.8%                   |
| <b>Cetip securities segment</b>   | <b>288,908</b>     | <b>8,328</b>       | <b>274,949</b>           | -                  | <b>5.1%</b>              |
| Registration fees   | 29,624             | 803                | 25,164                   | -                  | 17.7%                    |
| Maintenance/custody   | 126,092            | 3,624              | 124,734                  | -                  | 1.1%                     |
| Monthly utilization   | 74,976             | 1,442              | 60,551                   | -                  | 23.8%                    |
| Transaction fees  | 27,752             | 1,567              | 38,352                   | -                  | -27.6%                   |
| Other revenue from services   | 30,464             | 892                | 26,148                   | -                  | 16.5%                    |
| <b>Cetip liens and loans segment</b>                                    | <b>120,298</b>     | <b>3,327</b>       | <b>103,658</b>           | -                  | <b>16.1%</b>             |
| SNG   | 42,624             | 1,205              | 38,420                   | -                  | 10.9%                    |
| Contracts systems (Sircof)  | 60,198             | 1,583              | 48,118                   | -                  | 25.1%                    |
| Market data   | 17,134             | 527                | 16,712                   | -                  | 2.5%                     |
| Other Revenues  | 342                | 12                 | 408                      | -                  | -16.2%                   |
| <b>Other revenues</b>   | <b>161,852</b>     | <b>141,903</b>     | <b>141,943</b>           | <b>14.1%</b>       | <b>14.0%</b>             |
| Securities lending  | 27,585             | 26,991             | 26,991                   | 2.2%               | 2.2%                     |
| Listing   | 15,261             | 14,478             | 14,478                   | 5.4%               | 5.4%                     |
| Depository, custody and back-office                                     | 60,996             | 50,855             | 50,855                   | 19.9%              | 19.9%                    |
| Trading access (Brokers)  | 11,595             | 8,330              | 8,330                    | 39.2%              | 39.2%                    |
| Vendors   | 27,697             | 25,918             | 25,918                   | 6.9%               | 6.9%                     |
| BM&FBOVESPA bank  | 7,632              | 10,233             | 10,254                   | -25.4%             | -25.6%                   |
| Others  | 11,086             | 5,098              | 5,117                    | 117.5%             | 116.7%                   |
| <b>Revenue deductions</b>   | <b>(122,643)</b>   | <b>(68,169)</b>    | <b>(102,587)</b>         | <b>79.9%</b>       | <b>19.6%</b>             |
| PIS and Cofins  | (102,280)          | (58,189)           | (85,907)                 | 75.8%              | 19.1%                    |
| Service tax   | (20,363)           | (9,980)            | (16,680)                 | 104.0%             | 22.1%                    |
| <b>Net revenues</b>   | <b>1,111,922</b>   | <b>608,333</b>     | <b>940,907</b>           | <b>82.8%</b>       | <b>18.2%</b>             |
| <b>Expenses</b>   | <b>(602,821)</b>   | <b>(270,457)</b>   | <b>(754,518)</b>         | <b>122.9%</b>      | <b>-20.1%</b>            |
| Personnel   | (180,265)          | (115,281)          | (179,449)                | 56.4%              | 0.5%                     |
| Data processing   | (45,146)           | (37,162)           | (43,638)                 | 21.5%              | 3.5%                     |
| Deprec. and amortization  | (236,049)          | (26,399)           | (52,976)                 | 794.2%             | 345.6%                   |
| Third-party services  | (46,710)           | (7,680)            | (26,367)                 | 508.2%             | 77.2%                    |
| Maintenance   | (5,615)            | (3,858)            | (5,053)                  | 45.5%              | 11.1%                    |
| Communication   | (1,759)            | (1,262)            | (2,538)                  | 39.4%              | -30.7%                   |
| Marketing   | (4,085)            | (3,102)            | (5,155)                  | 31.7%              | -20.8%                   |
| Taxes   | (1,968)            | (1,728)            | (2,769)                  | 13.9%              | -28.9%                   |
| Board/committees compensation   | (3,641)            | (2,710)            | (4,248)                  | 34.4%              | -14.3%                   |
| Related to the combination with Cetip                                   | (15,057)           | (45,432)           | (268,217)                | -66.9%             | -94.4%                   |
| Others  | (62,526)           | (25,843)           | (164,107)                | 141.9%             | -61.9%                   |
| <b>Operating income</b>   | <b>509,101</b>     | <b>337,876</b>     | <b>186,389</b>           | <b>50.7%</b>       | <b>173.1%</b>            |
| <i>Operating margin</i>   | <i>45.8%</i>       | <i>55.5%</i>       | <i>19.8%</i>             | <i>-976 bps</i>    | <i>2,598 bps</i>         |
| <b>Impairment</b>   | -                  | <b>(65,508)</b>    | <b>(65,508)</b>          | -                  | -                        |
| <b>Equity in income of investees</b>                                    | <b>1,005</b>       | <b>11</b>          | <b>176</b>               | <b>9036.4%</b>     | <b>471.0%</b>            |
| <b>Financial result</b>   | <b>(22,499)</b>    | <b>158,130</b>     | <b>198,826</b>           | <b>-114.2%</b>     | <b>-111.3%</b>           |
| Financial income  | 119,248            | 400,365            | 476,564                  | -70.2%             | -75.0%                   |
| Financial expenses  | (141,747)          | (242,235)          | (277,738)                | -41.5%             | -49.0%                   |
| <b>Income before taxes</b>  | <b>487,607</b>     | <b>430,509</b>     | <b>319,883</b>           | <b>13.3%</b>       | <b>52.4%</b>             |
| <b>Income tax and social contribution</b>                               | <b>(172,871)</b>   | <b>(149,838)</b>   | <b>(110,738)</b>         | <b>15.4%</b>       | <b>56.1%</b>             |
| Current   | (24,574)           | (43,496)           | (87,051)                 | -43.5%             | -71.8%                   |
| Deferred  | (148,297)          | (106,342)          | (23,687)                 | 39.5%              | 526.1%                   |
| <b>Net income</b>   | <b>314,736</b>     | <b>280,671</b>     | <b>209,145</b>           | <b>12.1%</b>       | <b>50.5%</b>             |
| <i>Net margin</i>   | <i>28.3%</i>       | <i>46.1%</i>       | <i>22.2%</i>             | <i>-1,783 bps</i>  | <i>608 bps</i>           |
| <b>Attributable to:</b>   |                    |                    |                          |                    |                          |
| B3's shareholders   | <b>314,723</b>     | <b>280,552</b>     | <b>209,026</b>           | <b>12.2%</b>       | <b>50.6%</b>             |
| <i>Net margin</i>   | <i>28.3%</i>       | <i>46.1%</i>       | <i>22.2%</i>             | <i>-1,781 bps</i>  | <i>609 bps</i>           |
| Minority interest   | 13                 | 119                | 119                      | -89.1%             | -89.1%                   |