

2Q17
MARKET CAPITALIZATION

R\$40.7 billion (Jun 30, 2017)

2Q17 SHARE COUNT

Weighted avg: 2,038,007,420

End of period: 2,038,793,709

STOCK PERFORMANCE

Quarter ending in Jun '17: +2.4%

CONFERENCE CALL (English)

Date: August 14th, 2017

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

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Live webcast and presentation:
www.choruscall.com.br/b3/2q17.htm

www.bmfbovespa.com.br/ir

Revenues up in all segments: Cetip Financing +17.8%; Bovespa +13.2%; Other revenues +11.7%;
Cetip Securities +5.1%; and BM&F +4.7%

2Q17 results were impacted by: (i) non-recurring expenses of R\$145.3 million related to the business combination with Cetip; (ii) beginning of the amortization of intangible assets created in the transaction; and (iii) non-recurring tax-related provision of R\$94.1 million (R\$ 87.8 million after taxes) due to the decision to join the PERT tax relief program
2Q17 recurring net income from operations reached R\$475.7 million, while adjusted EBITDA¹ was R\$675.5 million

São Paulo, Brazil, August 11th, 2017 – B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: BVMF3) reported today its second-quarter earnings for the period ending on June 30th, 2017 (2Q17). Total revenues reached R\$1,079.2 million in 2Q17, an increase of 8.9% versus the same period of the previous year (2Q16), with higher revenues in all business segments.

B3 reaffirms its previously announced 2017 budget ranges for adjusted expenses² (OPEX) and adjusted capital expenditures³ (CAPEX), as follows:

- Adjusted OPEX budget for 2017: between R\$1,050 and R\$1,100 million. In addition, depreciation and amortization expenses should range between R\$790 and R\$840 million, including amortization of intangibles; and
- Adjusted CAPEX budget for 2017: between R\$250 and R\$280 million.

Highlights of 2Q17:

- Average daily volume (ADV) in the BM&F segment was 36.5% higher than in 2Q16 while average revenue per contract (RPC) was down 22.8% year-over-year (yoy);
- In the Bovespa segment, average daily trading value (ADTV) grew 18.8% over 2Q16, while trading and post-trading margins decreased 1.7% yoy;
- In the Cetip Securities segment, fixed income instruments registration and maintenance (CSD and TR) volumes were up by 8.4% and 16.8%, respectively, mostly driven by time-deposits (CDBs) activity;
- In the Cetip Financing segment, the number of vehicles financed grew by 7.6%, reflecting growth in the number of vehicles sold and increased credit penetration in this market; and
- R\$81.6 million in interest on capital (IoC), totaling 50% of 2Q17 IFRS net income.

Chief Executive Officer of B3, Gilson Finkelsztain, stated: “Currently, our number one priority is delivering the seamless integration of BM&FBOVESPA’s and Cetip’s businesses into one company, B3. In 2Q17, we concluded the legal merger of Cetip and made relevant progress on several fronts of the integration process, which include, but are not limited to, client relationship, HR and IT solutions. Additionally, we continue to move forward with our strategic projects. In June, enhancements to Novo Mercado’s rules were approved, a great achievement that shows the continued improvement of the Brazilian capital markets. Better corporate governance standards provide more transparency and will attract more investors. We are also pleased to have seen more companies come to the market for IPOs and follow-ons and hope this will continue in 2H2017 and beyond.”

Chief Financial Officer, Daniel Sonder, remarked: “In 2Q17, increased volatility caused by uncertainties in the political scenario propelled volumes in both equities and derivatives markets, while we also have started to observe signs of recovery in the vehicle financing market. We continue to exercise discipline in our expense management and we are focused on capturing the synergies of the merger as guided. We are planning to distribute 50% of our IFRS net income through interim IoC payments and to evaluate an additional payout at the end of the year, reinforcing our commitment to return capital to our shareholders.”

Income statement summary (in R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Net revenues	970.9	892.5	8.8%	940.9	3.2%
Expenses	(671.7)	(392.3)	71.2%	(754.5)	-11.0%
Operating income	299.2	500.2	-40.2%	186.4	60.5%
Operating margin	30.8%	56.0%	-2,523 bps	19.8%	1,100 bps
Financial result	(58.4)	(378.0)	-84.6%	198.8	-129.4%
Adjusted expenses	(250.0)	(240.2)	4.1%	(252.2)	-0.9%
Adjusted EBITDA	675.5	598.9	12.8%	641.8	5.2%
Adjusted EBITDA margin	69.6%	67.1%	247 bps	68.2%	136 bps
Recurring net income	475.7	634.1	-25.0%	527.2	-9.8%

¹ Adjusted to: (i) integration-related expenses; and (ii) non-recurring provisions.

² Adjusted to: (i) depreciation and amortization; (ii) stock-based compensation (principal + payroll taxes); (iii) integration-related expenses; and (iv) provisions.

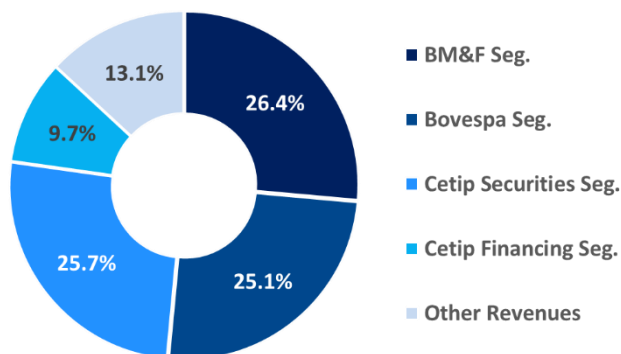
³ Does not include capex related to the business combination with Cetip.

ANALYSIS OF 2Q17 FINANCIAL RESULTS

REVENUES

Total revenues: reached R\$1,079.2 million in 2Q17, 8.9% higher than in 2Q16, as a result of revenue growth in all segments, as detailed below.

2Q17 Revenues Breakdown (% of total revenues)



BM&F segment – trading, clearing and settlement: amounted to R\$285.2 million (26.4% of the total), 4.7% higher than in 2Q16, explained by the ADV increase in the period (see performance by segment section).

It is worth noting that the Company constituted a cash flow hedge⁴, designating a foreign currency loan taken in Dec'16 to cover the effects of currency variations on part of the revenues denominated in USD for this segment (FX rates and Interest rates in USD contracts), as of Feb'17, therefore reducing the impact of exchange rate variations on revenues for this segment, and, at the same time, on the Company's financial revenues. Excluding the effect of this cash flow hedge, revenues for this segment would have increased 2.8% in relation to 2Q16.

Bovespa segment – trading, clearing and settlement: totaled R\$270.5 million (25.1% of the total), a 13.2% growth over 2Q16. Trading and post-trading (transactions) revenues amounted to R\$265.0 million, up 13.0% when compared to the same period of the previous year, reflecting the net effect of a 18.8% ADTV increase and a 1.7% decrease in trading and post-trading margins (see performance by segment section).

Trading and post-trading margin was 5.118 bps in 2Q17 versus 5.208 bps in 2Q16, explained mostly by the lower participation of equity derivatives in the total volume, as these have higher margins.

Cetip Securities segment: reached R\$277.8 million in 2Q17 (25.7% of the total), 5.1% higher than in 2Q16, primarily explained by a 7.6% increase in monthly utilization revenues, which reflects the annual price readjustment by inflation (IGP-M), and a 18.1% increase in other revenues, due to a growth in the number of electronic cash transfers (EFTs) processed and other transactions settlements. Registration and maintenance revenues also grew driven by time-deposit (CDBs) activity.

Cetip Financing segment: totaled R\$104.4 million in 2Q17 (9.7% of the total), up by 17.8% when compared to 2Q16, as SNG and Contracts System's revenues expanded by 10.2% and 18.6%, respectively. This result was driven by a 7.6% growth in the number of vehicles financed and by a 173 bps market share gain in the Contracts System, which reached 74.6% in 2Q17 from 72.8% in 2Q16. When compared to the same period of the previous year, revenues from this segment were also impacted by the annual price readjustment based on inflation (IGP-M).

Other revenues: revenues not tied to volumes reached R\$141.4 million (13.1% of the total) in 2Q17, an 11.7% increase yoy. Highlights were:

- **Securities lending:** amounted to R\$22.9 million (2.1% of the total), down 5.9% over 2Q16, mainly due to a 9.6% decrease in the average financial value of outstanding contracts.
- **Depository, custody and back office:** totaled R\$55.2 million (5.1% of the total), up 29.6% over 2Q16, as a result of: (i) a 56.1% growth in revenues from *Tesouro Direto*, which reached R\$23.5 million in 2Q17; (ii) price readjustments by inflation of certain depository services in Jan'17; and (iii) an increase of 4.6% in the average number of custody accounts.
- **Market data (vendors):** revenues from market data sales amounted to R\$27.1 million (2.5% of the total), up 12.2% over 2Q16, mostly due to the increase in the number of users of the Company's market data.

Net Revenues: net revenues increased 8.8% in comparison to 2Q16, reaching R\$970.9 million in 2Q17.

⁴ The average RPC for USD FX rates and interest rates contracts in 2Q16 considers the average PTAX closing rate at the end of the months of Mar'16, Apr'16 and May'16 (R\$3.53), while the average RPC for 2Q17 considers the average PTAX closing rate at the end of the months of Mar'17, Apr'17 and May'17 (R\$3.20). However, with the adoption of the cash flow hedge from Apr'17 to Jun'17, revenues were recognized using an exchange rate of R\$3.37 in 2Q17.

EXPENSES

Expenses: reached R\$671.7 million in 2Q17, impacted by R\$194.9 million related to the amortization of intangible assets generated in the merger with Cetip and R\$145.3 million in non-recurring expenses related to the business combination between BM&FBOVESPA and Cetip.

Adjusted expenses: amounted R\$250.0 million, 4.1% growth over 2Q16.

Reconciliation of adjusted expenses (in R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Total expenses	671.7	392.3	71.2%	754.5	-11.0%
Depreciation and amortization	(231.0)	(49.8)	363.9%	(53.0)	336.1%
Long-term stock-based compensation	(24.5)	(47.2)	-48.1%	(32.8)	-25.4%
Related to the combination with Cetip	(145.3)	(48.9)	197.4%	(268.2)	-45.8%
Provisions (recurring and non-recurring)	(20.9)	(6.2)	237.6%	(148.3)	-85.9%
Adjusted expenses	250.0	240.2	4.1%	252.2	-0.9%

Personnel: totaled R\$165.5 million in 2Q17, down 10.2% yoy. Excluding R\$17.6 million in extraordinary severance expenses occurred in 2Q16, personnel expenses would have been stable yoy, despite the annual salary readjustment (annual collective bargaining agreement), reflecting: (i) synergy gains from the business combination with Cetip; and (ii) the end of the former Cetip's stock option programs, which totaled R\$3.2 million in expenses in 2Q16, as options outstanding were canceled against cash payment at fair value in the context of the combination with former BM&FBOVESPA.

Adjusted personnel: excluding long-term stock-based compensation expenses, adjusted personnel increased 2.9% over 2Q16, reflecting the annual salary readjustment, which was partially offset by synergy gains from the business combination with Cetip and by the increase in capitalized personnel expenses related to ongoing technology projects.

Reconciliation of adjusted personnel (in R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Personnel expenses	165.5	184.2	-10.2%	179.4	-7.8%
Long-term stock-based compensation	(24.5)	(47.2)	-48.1%	(32.8)	-25.4%
Adjusted personnel expenses	141.0	137.0	2.9%	146.6	-3.9%

Data processing: reached R\$43.3 million in 2Q17, up 5.5% mainly reflecting price readjustments by inflation of IT maintenance contracts.

Third-party services: totaled R\$28.5 million in 2Q17, up 13.0% mainly due to the increase in the expenses directly linked to revenues, notably expenses with Denatran and Fenaseg, which totaled R\$14.9 million in 2Q17 (R\$11.6 million in 2Q16).

Depreciation and amortization: totaled R\$231.0 million in 2Q17, impacted by the amortization of intangible assets resulting from the acquisition of Cetip, which started in Apr'17 and amounted to R\$194.9 million in 2Q17.

Related to the combination with Cetip: amounted to R\$145.3 million in 2Q17, composed of: (i) R\$111.0 million in extraordinary expenses related to personnel (retention, non-compete, severance and payroll charges); and (ii) R\$34.3 million related to the services of advisors, consultants and brand repositioning.

Others: totaled R\$38.2 million in 2Q17, mainly due to an increase in provision expenses that totaled R\$20.0 million (R\$6.0 million in 2Q16), from which R\$10.5 million are related to a legal dispute with part of the amount under discussion linked to the price of BVMF3 stock.

ADJUSTED EBITDA

Adjusted EBITDA: amounted to R\$675.5 million, 12.8% higher than in 2Q16, with a 69.6% margin, representing a 247 bps margin expansion yoy, mainly driven by revenue growth of 8.8%.

Reconciliation of adjusted EBITDA (in R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
EBITDA	530.2	550.0	-3.6%	239.4	121.5%
(+) Expenses related to the combination with Cetip	145.3	48.9	197.4%	268.2	-45.8%
(+) Extraordinary provisions	-	-	-	134.3	-
Adjusted EBITDA	675.5	598.9	12.8%	641.8	5.2%
<i>Adjusted EBITDA margin</i>	<i>69.6%</i>	<i>67.1%</i>	<i>247 bps</i>	<i>68.2%</i>	<i>136 bps</i>

OTHER FINANCIAL HIGHLIGHTS

Cash and cash equivalents: short- and long-term cash, cash equivalents and financial investments as of June 30th, 2017 amounted to R\$7,151.0 million, composed of: (i) R\$1,876.7 million in third party cash, mainly consisting of cash collateral pledged to the Company's clearinghouses by clients; (ii) R\$277.3 million in investments in exchanges abroad; and (iii) B3's own cash, which totaled R\$4,997.0 million and includes between R\$2.5 billion and R\$3.0 billion that make up the Company's usual liquidity requirements to run the business, of which R\$1,014.1 million are restricted financial resources formally tied to the clearinghouses' safeguard structure.

Indebtedness: at the end of 2Q17, the Company had R\$6,341.7 million in gross debt outstanding, which is equivalent to 2.6x adjusted EBITDA in the last twelve months. The debt position includes principal and accrued interest (84.1% non-current and 15.9% current), as well as the net position on derivative instruments. B3's debt instruments are detailed below:

2019 Debenture: R\$3.0 billion senior unsecured debentures, at a cost of 104.25% of the DI rate and with semi-annual interest payments. This debenture has final maturity in Dec'19, with a 50% principal amortization in Dec'18.

2017 Debenture (Cetip): R\$500 million senior unsecured debentures, at a cost of 106.65% of the DI rate and with semi-annual interest payments. This debenture has final maturity in Sep'17.

2018 Loan: USD125 million senior unsecured bilateral loan at a 2.57% per annum interest rate, with equal monthly amortizations of USD10.4 million plus interest and final maturity in Jan'18. The Company adopted, in Feb'17, the cash flow hedge accounting method, by matching the payments of this loan with most of the USD-denominated revenues from the trading and post-trading fees on FX rates and Interest rates in USD contracts.

2018 Loan (Cetip Lux): USD100 million bilateral loan at a 2.50% per annum interest rate with quarterly payments. This loan has final maturity in Aug'18, with a 50% principal payment in Aug'17.

2019 Loan (Cetip Lux): USD50 million bilateral loan at 4.00% per annum interest rate with semi-annual payments. This loan has final maturity in Sep'19.

2020 Notes: USD612 million senior unsecured notes issued abroad in Jul'10 with bullet maturity in Jul'20, and semi-annual interest rate coupons of 5.50% per annum. In Mar'17, the Company entered into a Swap to rollover the hedge of the principal amount. Additionally, in Sep'16, the Company entered into non-deliverable forwards (NDFs) to hedge certain coupons for FX risk. Net value of derivative instruments on June 30th, 2017 was R\$35.5 million (positive).

Financial result: totaled a loss of R\$58.4 million in 2Q17. An extraordinary item related to the divestment of CME Group shares in Apr'16 impacted the comparison to 2Q16.

Financial income: reached R\$267.0 million, 33.7% lower than in 2Q16 as a result of a lower average cash balance during the quarter given the cash payment of R\$8.4 billion to former Cetip's shareholders on April 28th, 2017.

Financial expenses: totaled R\$325.4 million, an increase of 56.5% over 2Q16 (excluding extraordinary item related to the divestment of CME Group shares), impacted by: (i) higher financial expenses mainly related to the accrual of R\$96.6 million in interest from the debentures issued by the Company in Dec'16; and (ii) the R\$ 42.0 million non-recurring provision for interest and fines related to the Company's decision to join the Special Tax Settlement Program (PERT) – more information below.

Income tax and social contribution: totaled R\$77.8 million in 2Q17. The current tax and social contribution portion amounted to R\$39.6 million and was impacted by R\$52.1 million in taxes related to the PERT. This amount was partially offset by a reversal of tax provisions made by the Company in 1Q17. The deferred tax portion totaled R\$38.2 million, with no cash impact, resulting from: (i) temporary differences on the amortization, for tax purposes, of the goodwill generated in the BM&F and Bovespa merger, which totaled R\$133.1 million in 2Q17; and (ii) the creation of a deferred tax asset on the amortization of intangible assets generated in the combination with Cetip, which amounted to R\$66.3 million (positive) and represented 34% of the amortized amount in 2Q17 (R\$194.9 million), whose credit can only be used after the legal merger of Cetip into B3, which occurred in Jul'17.

B3 joins Federal Revenue's Tax Settlement Program (PERT): B3 decided to join the PERT tax relief program and take advantages of its differentiated conditions of payment to settle the debit related to the tax assessment issued by the Brazilian Federal Revenue Service, which challenged the tax deductibility of the interest on capital paid to the Company's shareholders in 2008. The initial payment to the revenue service will be made by August 31st, 2017, and will result in a reduction in the amount of the due tax from R\$157.0 million (value on June 30th, 2017) to R\$94.1 million. The impact on 2Q17 net income was R\$87.8 million, of which R\$42.0 million was in the financial expenses line (R\$18.6 million in interest and R\$23.4 million in fines) and R\$45.8 million in the income tax and social contribution line (R\$52.1 million in taxes due less tax shield from interest expenses that amounted to R\$18.6 million).

Net income (attributable to shareholders): reached R\$163.3 million in 2Q17. The yoy comparison was impacted by extraordinary items, notably: (i) the divestment in the CME Group shares in 2Q16; (ii) extraordinary expenses related to the combination between BM&FBOVESPA and Cetip; (iii) the beginning of the amortization of intangible assets generated in the combination with Cetip; and (iv) the decision to join the PERT.

Excluding the non-recurring items mentioned above, the adjusted net income would have reached R\$475.7 million in 2Q17, 25.0% lower than in 2Q16, mainly impacted by a decrease in the financial result due to a lower cash position and the increase in the Company's indebtedness. Additionally, if the net income were adjusted by the fiscal benefit of the Bovespa Holding amortization, in a cash taxes approach, it would have totaled R\$608.7 million.

Reconciliation of net income (in R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Net income (attributable to shareholders)	163.3	25.9	530.5%	209.0	-21.9%
(+) Expenses related to the combination with Cetip	95.9	31.5	204.1%	177.8	-46.1%
(+) Extraordinary provisions	-	-	-	88.6	-
(+) Impairment	-	-	-	43.2	-
(+) Divestment from CME Group shares	-	568.1	-	-	-
(+) Amortization of intangibles from combination with Cetip	128.6	-	-	-	-
(+) Amortization of intangibles from combination with GRV	-	8.6	-	8.6	-
(+) Taxes Refinancing (REFIS/PERT)	87.8	-	-	-	-
Recurring net income	475.7	634.1	-25.0%	527.2	-9.8%
(+) Deferred tax (goodwill from Bovespa combination)	133.1	135.3	-1.7%	133.1	0.0%
Recurring net income adjusted by goodwill tax benefit	608.7	769.4	-20.9%	660.3	-7.8%

Note: Post tax amounts calculated based on a 34% tax rate, when applicable.

CAPEX: capital expenditures totaled R\$52.2 million in 2Q17. Of this amount, R\$41.8 million (80% of total amount) were invested in projects for the BM&F and Bovespa segments, particularly in the technological update of the PUMA Trading System and in the equities phase of the new integrated B3 Clearinghouse, and R\$8.5 million were invested in the technological infrastructure and architecture of the Cetip Securities and Cetip Financing segments.

Distributions to shareholders: approval of interest on capital amounting to R\$81.6 million to be paid on September 8th, 2017, to shareholders registered as of August 21st, 2017.

NON-RECURRING EXPENSES AND INVESTMENTS RELATED TO THE BUSINESS COMBINATIO WITH CETIP

Budgets for OPEX and CAPEX related to the business combination for 2017 and 2018: includes: (i) impacts from the completion of the business combination with Cetip; and (ii) estimated expenses and investments necessary to capture synergies, as follows:

Estimates on expenses and other impacts arising from the completion of the business combination with Cetip¹ (R\$ millions)

	2016	1Q17	2Q17	2017e	2018e	Total
Contractual commitments and other accounting impacts	-	233.9	-	233.9	-	233.9
Cetip's LT compensation and retention programs (cancellation of stock options and payroll taxes)	-	133.1	-	133.1	-	133.1
Impairment / write-offs/ provision for contractual fines	-	100.8	-	100.8	-	100.8
Retention / severance programs approved in the AGM of 04/28/17²	-	-	70.8	~85.0	~20.0	100.0 – 110.0
Advisors, consultants and brand	70.3	63.5	24.1	~100.0	-	165.0 – 170.0
Total	70.3	297.5	94.9	~420.0	~20.0	505.0 – 515.0

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

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

	2016	1Q17	2Q17	2017e	2018e	Total
Severance and services providers expenses	8.5	36.3	50.5	~150.0	~25.0	175.0 – 190.0
Capex (projects and integration)	-	0.3	1.6	~25.0	~25.0	45.0 – 55.0

PERFORMANCE BY SEGMENT

BM&F segment: ADV for the derivatives market reached 3.2 million contracts in 2Q17, an increase of 36.5% in comparison to 2Q16. This performance was driven by higher volumes in Interest rates in BRL contracts (+48.5%) and Stock Indices (+52.7%).

Average RPC was R\$1.407, down 22.8% yoy. This reduction reflects: (i) changes in the mix of contracts traded, with higher participation of option contracts, given that these contracts have lower RPC than the segment's average; (ii) higher participation of day trade operations, which have lower prices than definitive ones; and (iii) the 10.3% appreciation of the BRL against the USD, negatively impacting the RPC of contracts priced in USD. It is important to highlight that roughly 80% of the USD-linked revenues in this segment were hedged through a cash flow hedge against a 1-year foreign currency loan.

Bovespa segment: ADTV for equities reached R\$8.5 billion in 2Q17, 18.8% higher when compared to the same period of the previous year, mainly explained by a rise of 19.5% in the cash market volume. This performance reflects a 21.6% increase in average market capitalization that was partially offset by a lower turnover velocity that reached 77.0% in 2Q17 versus 79.4% in 2Q16.

The trading and post-trading margins reached 5.118 bps in the quarter versus 5.208 bps in 2Q16. This decrease is mainly explained by the lower share of stock-based derivatives in the overall volumes, since these contracts have higher margins.

Cetip Securities segment: fixed income volume on which maintenance (CSD / Trade Repository - TR) fees apply reached R\$4.1 trillion in 2Q17, an increase of 16.8% in comparison to 2Q16, mostly driven by the growth of time deposits in stock (CDBs - bank deposit certificates). The higher volume of fixed income instruments, which implies higher volume discounts, and a change in mix, with higher share of time-deposits in stock, resulted in a decrease of 6.8% in the average price. OTC derivatives and structured notes registration volumes decreased 15.1% in the period, mainly due to the FX volatility observed in 2Q16, which drove demand for hedging instruments in that quarter.

Cetip Financing segment: the vehicles market continued to show signs of recovery, growing for the second consecutive quarter. Number of vehicles financed increased 7.6% over 2Q16 and the Company gained 173 bps in market share in the Contracts System (*Sistema de Contratos*) service. In the yoy comparison, the revenues for this segment were also impacted by the annual price readjustment by inflation.

UPDATE ON STRATEGIC INITIATIVES

Merger integration projects: the Company moved forward with the integration project between BM&FBOVESPA and Cetip, its main focus at the moment, which affects several B3 areas and activities. The highlights were: (i) the unification of the HR policies; (ii) the integration of the enterprise resource planning (ERP) systems; and (iii) the completion of Cetip's legal merger into B3 in early July.

Clearinghouse (post-trading integration): in 2Q17, B3 continued the parallel production cycles and began the cycles of implementation of the second phase of the new Clearing, which will migrate the equity and corporate fixed income markets into a new infrastructure integrated with the derivatives and commodities markets. The migration of the second phase is still contingent on regulatory approvals and should occur in the second half of 2017. Another highlight, which will come into effect as the clearinghouses are integrated, is the acceptance of collateral abroad for financial derivatives, which was approved by the Central Bank.

Enhancements to the Special Listing Segments and Corporate Governance Program for State-Owned Companies: in Jun'17, the hearing period for the new versions of Novo Mercado and Level 2 regulations was concluded. Companies listed in these segments evaluated and formally gave answers about the proposed changes and. As a result, the proposed Novo Mercado base rules were approved - including rules related to Free Float, Dilution, Board of Directors, Delisting from the Segment, Corporate Restructuring, Compliance and Control, among others - as well as a rule for management evaluation, one of the specific rules that were submitted to voting in addition to the base rules. The proposed rule changes for Level 2 were not approved. Also, in Aug'17, B3 certified Petrobras and Banco do Brasil in the State-Owned Enterprise Governance Program, which aims to increase transparency and to strengthen investors' confidence in listed state-owned companies.

DAP – Inflation Linked Futures: in Jun'17, B3 surpassed the mark of 1 million contracts traded in the Inflation Linked Future contract. In total, more than 1,290,000 contracts have been traded since May'16, when two market makers started to participate in the market. B3 ended Jun'17 with 211,782 outstanding contracts, distributed in 14 maturities and traded by more than 50 counterparties. In 2Q17, ADV reached 6.8 thousand contracts, a 20% growth when compared to the ADV of 1Q17.

Progress on projects in the Cetip Financing segment: in the real estate platform, the product to provide regulatory services in connection with Resolution 4,088 of the Central Bank, which should become effective in Oct'17, is in the process of homologation or technical connection with the main financial institutions operating in this segment. The product Cetip | Plataforma Imobiliária – Registro de Garantia, which connects banks and notary offices for the electronic registration of real estate financing contracts, started to operate with two real estate lenders.

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS <i>(In R\$ thousands)</i>		Jun 30, 2017	Dec 31, 2016	LIABILITIES AND EQUITY <i>(In R\$ thousands)</i>		Jun 30, 2017	Dec 31, 2016
Current assets		4,784,100	11,612,517	Current liabilities		3,907,659	3,657,832
Cash and cash equivalents		313,767	319,124	Collateral for transactions		1,798,752	1,653,835
Financial investments		3,661,718	10,964,214	Financial instruments for hedge		17,718	405,971
Others		808,615	329,179	Loan		411,160	373,919
Noncurrent assets		32,458,210	19,543,358	Debentures		540,602	17,495
Long-term receivables		3,566,697	3,749,282	Others		1,139,427	1,206,612
Financial investments		3,175,489	3,564,243	Noncurrent liabilities		9,157,870	8,421,658
Others		391,208	185,039	Debt issued abroad		2,022,812	1,987,669
Investments		45,049	29,117	Loan		349,739	33,949
Property and equipment, net		577,494	462,753	Debenture		2,993,211	2,991,806
Intangible assets		28,268,970	15,302,206	Deferred inc. tax and social contrib.		3,017,981	2,976,125
Goodwill		22,338,876	14,401,628	Others		774,127	432,109
Software and projects		5,706,709	900,578	Equity		24,176,781	19,076,385
Others		223,385	-	Capital		3,198,655	2,540,239
				Capital reserve		18,373,394	14,327,523
				Others		2,594,533	2,198,708
				Non-controlling interests		10,199	9,915
Total Assets		37,242,310	31,155,875	Total liabilities and equity		37,242,310	31,155,875

COMBINED MANAGEMENT INCOME STATEMENT

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Total revenues	1,079,205	990,922	8.9%	1,043,494	3.4%
Trading/settlement - BM&F	285,167	272,258	4.7%	250,551	13.8%
Derivatives	280,577	266,805	5.2%	245,522	14.3%
Foreign exchange	4,590	5,453	-15.8%	5,029	-8.7%
Securities	-	-	-	-	-
Trading/settlement - Bovespa	270,498	238,998	13.2%	272,393	-0.7%
Trading fees	43,131	38,312	12.6%	44,066	-2.1%
Clearing fees	221,833	196,078	13.1%	222,310	-0.2%
Others	5,534	4,608	20.1%	6,017	-8.0%
Cetip Securities segment	277,757	264,391	5.1%	274,949	1.0%
Registration fees	28,657	27,922	2.6%	25,164	13.9%
Maintenance (CSD/TR)	124,634	121,821	2.3%	124,734	-0.1%
Monthly utilization	61,196	56,899	7.6%	60,551	1.1%
Transaction fees	35,916	34,583	3.9%	38,352	-6.4%
Other revenue from services	27,354	23,166	18.1%	26,148	4.6%
Cetip Financing segment	104,388	88,637	17.8%	103,658	0.7%
SNG	38,523	34,946	10.2%	38,420	0.3%
Contracts Systems (Sircof)	48,547	40,924	18.6%	48,118	0.9%
Market data and development of solutions	16,985	12,274	38.4%	16,712	1.6%
Other revenues	333	493	-32.5%	408	-18.4%
Other revenues	141,395	126,638	11.7%	141,943	-0.4%
Securities lending	22,888	24,329	-5.9%	26,991	-15.2%
Listing	13,990	12,915	8.3%	14,478	-3.4%
Depository, custody and back-office	55,216	42,592	29.6%	50,855	8.6%
Trading access (Brokers)	8,735	9,338	-6.5%	8,330	4.9%
Vendors	27,139	24,197	12.2%	25,918	4.7%
BM&FBOVESPA bank	9,736	9,587	1.6%	10,254	-5.1%
Others	3,691	3,680	0.3%	5,117	-27.9%
Revenue deductions	(108,302)	(98,439)	10.0%	(102,587)	5.6%
PIS and Cofins	(91,150)	(81,755)	11.5%	(85,907)	6.1%
Service tax	(17,152)	(16,684)	2.8%	(16,680)	2.8%
Net revenues	970,903	892,483	8.8%	940,907	3.2%
Expenses	(671,745)	(392,281)	71.2%	(754,518)	-11.0%
Personnel	(165,462)	(184,174)	-10.2%	(179,449)	-7.8%
Data processing	(43,328)	(41,056)	5.5%	(43,638)	-0.7%
Deprec. and amortization	(231,032)	(49,801)	363.9%	(52,976)	336.1%
Third-party services	(28,526)	(25,245)	13.0%	(26,367)	8.2%
Maintenance	(6,092)	(5,050)	20.6%	(5,053)	20.6%
Communication	(2,462)	(2,383)	3.3%	(2,538)	-3.0%
Marketing	(4,980)	(5,338)	-6.7%	(5,155)	-3.4%
Taxes	(2,208)	(2,097)	5.3%	(2,769)	-20.3%
Board/committees compensation	(4,115)	(4,127)	-0.3%	(4,248)	-3.1%
Related to the combination with Cetip	(145,327)	(48,869)	197.4%	(268,217)	-45.8%
Others	(38,213)	(24,141)	58.3%	(164,107)	-76.7%
Operating income	299,158	500,202	-40.2%	186,389	60.5%
<i>Operating margin</i>	<i>30.8%</i>	<i>56.0%</i>	<i>-2,523 bps</i>	<i>19.8%</i>	<i>1,100 bps</i>
Impairment	-	-	-	(65,508)	-
Equity in income of investees	482	180	-	176	-
Financial result	(58,373)	(378,006)	-84.6%	198,826	-129.4%
Financial income	267,034	402,769	-33.7%	476,564	-44.0%
Financial expenses	(325,407)	(207,975)	56.5%	(277,738)	17.2%
Divestment from CME Group shares	-	(572,800)	-100.0%	-	0.0%
Income before taxes	241,267	122,376	97.2%	319,883	-24.6%
Income tax and social contribution	(77,787)	(96,214)	-19.2%	(110,738)	-29.8%
Current	(39,627)	(977,889)	-95.9%	(87,051)	-54.5%
Deferred	(38,160)	881,675	-104.3%	(23,687)	61.1%
Net income	163,480	26,162	524.9%	209,145	-21.8%
<i>Net margin</i>	<i>16.8%</i>	<i>2.9%</i>	<i>1,391 bps</i>	<i>22.2%</i>	<i>-539 bps</i>
Attributable to:					
BM&FBOVESPA's shareholders	163,315	25,904	530.5%	209,026	-21.9%
<i>Net margin</i>	<i>16.8%</i>	<i>2.9%</i>	<i>1,392 bps</i>	<i>22.2%</i>	<i>-539 bps</i>
Minority interest	165	258	-36.0%	119	38.7%
Adjusted operational income	675,517	598,872	12.8%	596,342	13.3%
Adjusted expenses	(249,987)	(240,227)	4.1%	(252,175)	-0.9%
Adjusted net income	608,736	769,366	-20.9%	523,604	16.3%

COMBINED IFRS ACCOUNTING AND MANAGEMENT INCOME STATEMENT

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	2Q17	2Q16		2Q17/2Q16 (%)	
	IFRS Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
Total revenues	1,079,205	637,851	990,922	69.2%	8.9%
Trading/settlement - BM&F	285,167	272,258	272,258	4.7%	4.7%
Derivatives	280,577	266,805	266,805	5.2%	5.2%
Foreign exchange	4,590	5,453	5,453	-15.8%	-15.8%
Trading/settlement - Bovespa	270,498	238,998	238,998	13.2%	13.2%
Trading fees	43,131	38,312	38,312	12.6%	12.6%
Clearing fees	221,833	196,078	196,078	13.1%	13.1%
Others	5,534	4,608	4,608	20.1%	20.1%
Cetip Securities segment	277,757	-	264,391	-	5.1%
Registration fees	28,657	-	27,922	-	2.6%
Maintenance (CSD/TR)	124,634	-	121,821	-	2.3%
Monthly utilization	61,196	-	56,899	-	7.6%
Transaction fees	35,916	-	34,583	-	3.9%
Other revenue from services	27,354	-	23,166	-	18.1%
Cetip Financing segment	104,388	-	88,637	-	17.8%
SNG	38,523	-	34,946	-	10.2%
Contracts Systems (Sircof)	48,547	-	40,924	-	18.6%
Market data and Development of solutions	16,985	-	12,274	-	38.4%
Other Revenues	333	-	493	-	-32.5%
Other revenues	141,395	126,595	126,638	11.7%	11.7%
Securities lending	22,888	24,329	24,329	-5.9%	-5.9%
Listing	13,990	12,915	12,915	8.3%	8.3%
Depository, custody and back-office	55,216	42,592	42,592	29.6%	29.6%
Trading access (Brokers)	8,735	9,338	9,338	-6.5%	-6.5%
Vendors	27,139	24,197	24,197	12.2%	12.2%
BM&FBOVESPA bank	9,736	9,574	9,587	1.7%	1.6%
Others	3,691	3,650	3,680	1.1%	0.3%
Revenue deductions	(108,302)	(63,377)	(98,439)	70.9%	10.0%
PIS and Cofins	(91,150)	(54,967)	(81,755)	65.8%	11.5%
Service tax	(17,152)	(8,410)	(16,684)	103.9%	2.8%
Net revenues	970,903	574,474	892,483	69.0%	8.8%
Expenses	(671,745)	(268,786)	(392,281)	149.9%	71.2%
Personnel	(165,462)	(125,953)	(184,174)	31.4%	-10.2%
Data processing	(43,328)	(34,329)	(41,056)	26.2%	5.5%
Deprec. and amortization	(231,032)	(23,766)	(49,801)	872.1%	363.9%
Third-party services	(28,526)	(8,580)	(25,245)	232.5%	13.0%
Maintenance	(6,092)	(3,801)	(5,050)	60.3%	20.6%
Communication	(2,462)	(1,125)	(2,383)	118.8%	3.3%
Marketing	(4,980)	(1,624)	(5,338)	206.7%	-6.7%
Taxes	(2,208)	(1,826)	(2,097)	20.9%	5.3%
Board/committees compensation	(4,115)	(2,516)	(4,127)	63.6%	-0.3%
Related to the combination with Cetip	(145,327)	(47,785)	(48,869)	204.1%	197.4%
Others	(38,213)	(17,481)	(24,141)	118.6%	58.3%
Operating income	299,158	305,688	500,202	-2.1%	-40.2%
<i>Operating margin</i>	<i>30.8%</i>	<i>53.2%</i>	<i>56.0%</i>	<i>-2,240 bps</i>	<i>-2,523 bps</i>
Impairment	-	-	-	-	-
Equity in income of investees	482	-	-	-	-
Financial result	(58,373)	(418,290)	(378,006)	-86.0%	-84.6%
Financial income	267,034	284,244	402,769	-6.1%	-33.7%
Financial expenses	(325,407)	(129,734)	(207,975)	150.8%	56.5%
Divestment from CME Group shares	-	(572,800)	(572,800)	-100.0%	-100.0%
Income before taxes	241,267	(112,602)	752,839	-314.3%	-68.0%
Income tax and social contribution	(77,787)	(1,541)	(96,214)	4947.8%	-19.2%
Current	(39,627)	(907,790)	(977,889)	-95.6%	-95.9%
Deferred	(38,160)	906,249	881,675	-104.2%	-104.3%
Net income	163,480	(114,143)	26,162	-243.2%	524.9%
<i>Net margin</i>	<i>16.8%</i>	<i>-19.9%</i>	<i>2.9%</i>	<i>3,671 bps</i>	<i>1,391 bps</i>
Attributable to:					
BM&FBOVESPA's shareholders	163,315	(114,401)	25,904	-242.8%	530.5%
<i>Net margin</i>	<i>16.8%</i>	<i>-19.9%</i>	<i>2.9%</i>	<i>3,673 bps</i>	<i>1,392 bps</i>
Minority interest	165	258	258	-36.0%	-36.0%

STATISTICAL OPERATING DATA FOR BM&F SEGMENT

AVERAGE DAILY VOLUME - ADV (thousand contracts)

Contracts	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Interest rates in BRL	2,074.7	1,397.0	48.5%	1,644.1	26.2%
FX rates	553.4	477.0	16.0%	490.5	12.8%
Stock indices	301.7	197.6	52.7%	251.1	20.2%
Interest rates in USD	261.4	264.5	-1.1%	249.9	4.6%
Commodities	9.6	8.1	18.3%	8.5	12.5%
TOTAL	3,200.8	2,344.1	36.5%	2,644.1	21.1%

REVENUE PER CONTRACT (In R\$)

Contracts	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Interest rates in BRL	1.015	1.224	-17.1%	1.026	-1.2%
FX rates	3.038	3.738	-18.7%	3.138	-3.2%
Stock indices	1.070	1.309	-18.3%	0.992	7.9%
Interest rates in USD	1.440	1.897	-24.1%	1.441	-0.1%
Commodities	2.039	2.206	-7.6%	1.947	4.7%
OVERALL AVERAGE	1.407	1.822	-22.8%	1.457	-3.4%

STATISTICAL OPERATING DATA FOR BOVESPA SEGMENT

AVERAGE DAILY TRADED VALUE - ADTV (In R\$ millions)

Market	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Stocks and equity deriv.	8,485.0	7,141.9	18.8%	8,040.6	5.5%
Cash market	8,212.4	6,872.4	19.5%	7,735.7	6.2%
Derivatives	272.6	269.5	1.2%	304.8	-10.6%
Options market (stocks / indices)	174.3	209.2	-16.7%	223.9	-22.2%
Forward market	98.3	60.3	63.0%	80.9	21.4%
Fixed income and other cash-market	2.1	1.7	24.2%	1.6	32.8%
TOTAL	8,487.1	7,143.6	18.8%	8,042.1	5.5%

AVERAGE DAILY NUMBER OF TRADES (thousand)

Market	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Stocks and equity deriv.	1,022.8	950.7	7.6%	985.1	3.8%
Cash market	962.7	892.5	7.9%	911.0	5.7%
Derivatives	60.1	58.2	3.2%	74.1	-19.0%
Options market (stocks / indices)	59.5	57.7	3.2%	73.6	-19.2%
Forward market	0.5	0.5	10.7%	0.5	4.5%
Fixed income and other cash-market securities	0.013	0.012	13.0%	0.013	5.3%
TOTAL	1,022.8	950.7	7.6%	985.1	3.8%

OTHER OPERATIONAL STATISTICS

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average market cap. (R\$ billions)	2,622.1	2,155.6	21.6%	2,653.6	-1.2%
Average Ibovespa (closing price)	63,858	50,983	25.3%	64,933	-1.7%
Average value in custody (R\$ billions)	1,355.0	1,076.5	25.9%	1,396.9	-3.0%
Average value in custody - ex ADRs and forgn. inv. (R\$ billions)	496.4	381.3	30.2%	511.7	-3.0%
Number of custody accounts - average	609,221	582,706	4.6%	593,160	2.7%
Tesouro Diretor platform (average assets in custody - R\$ billions)	46.2	31.6	46.3%	43.7	5.9%
ETFs (ADTV - R\$ million)	211.4	187.5	12.8%	154.8	36.6%
# Listed companies	404	440	-8.2%	406	-0.5%
Turnover velocity (annualized)	77.0%	79.4%	-234 bps	71.7%	533 bps

TRADING MARGINS (basis points)

Market	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Stocks and Equity Derivatives	5.117	5.206	-0,090 bps	5.341	-0,224 bps
Cash market	4.816	4.850	-0,034 bps	4.974	-0,158 bps
Derivatives	14.173	14.298	-0,125 bps	14.654	-0,482 bps
Options market	14.834	14.672	0,162 bps	15.253	-0,419 bps
Forward market	12.999	12.999	0,000 bps	12.999	0,000 bps
TOTAL	5.118	5.208	-0,090 bps	5.342	-0,224 bps

STATISTICAL OPERATING DATA FOR CETIP SECURITIES SEGMENT⁵

REGISTRATION REVENUE BY INSTRUMENT (In R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Fixed income	14.3	14.3	0.2%	13.7	4.4%
OTC derivatives/ structured notes (COE)	10.7	10.5	1.1%	8.5	25.1%
Other registration services	3.7	3.1	18.7%	2.9	25.8%

AVERAGE REGISTRATION VOLUME BY INSTRUMENTS (In R\$ billions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average volume fixed income	2,106	1,943	8.4%	1,871	12.5%
Average volume OTC derivatives/ structured notes (COE)	1,931	2,275	-15.1%	2,096	-7.9%

AVERAGE REGISTRATION PRICES (bases points - bps)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average price fixed income	0.068	0.074	-7.6%	0.073	-7.3%
Average price OTC derivatives/ structured notes (COE)	0.055	0.046	19.2%	0.041	35.8%

MAINTENANCE FEE (CSD AND TR) REVENUE BY INSTRUMENT (In R\$ millions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Fixed income	95.3	87.6	8.8%	95.0	0.3%
OTC derivatives/ structured notes (COE)	23.6	25.6	-7.9%	23.2	1.4%
Average end users	5.8	8.7	-33.3%	6.7	-14.0%

AVERAGE MAINTENANCE VOLUME (CSD AND TR) BY INSTRUMENT (In R\$ billions)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average volume fixed income	4,120	3,529	16.8%	4,005	2.9%
Average volume OTC derivatives/ structured notes (COE)	2,122	2,367	-10.3%	2,134	-0.6%
Average end users ('000)	5,341	5,887	-9.3%	5,481	-2.5%

AVERAGE MAINTENANCE FEE (CSD AND TR) (bases points - bps)

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Average price fixed income	0.077	0.083	-6.8%	0.079	-2.5%
Average price OTC derivatives/ structured notes (COE)	0.037	0.036	2.7%	0.036	2.0%
End users (R\$)	0.362	0.492	-26.5%	0.410	-11.8%

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
Monthly Utilization					
Average number of clients	12,388	12,368	0.2%	12,273	0.9%
Average price (R\$)	1,647	1,535	7.2%	1,647	0.0%
Transactions					
Total number of transactions	91,095	90,743	0.4%	101,078	-9.9%
Average price (R\$)	0.39	0.38	3.4%	0.38	3.9%
Interbank Payment Chamber (CIP)					
Processed electronic cash transfers (EFT)	126,192	99,697	26.6%	114,322	10.4%
Average price (R\$)	0.09	0.10	-9.5%	0.10	-3.9%

⁵ Amounts net of commercial discounts. Amounts from 1Q17 or prior quarters may differ from combined companies' revenues as they do not contemplate inter-company eliminations.

STATISTICAL OPERATING DATA FOR CETIP FINANCING SEGMENT

	2Q17	2Q16	2Q17/2Q16 (%)	1Q17	2Q17/1Q17 (%)
SNG					
Number of vehicles sold (millions)	4,299	4,022	6.9%	3,938	9.2%
<i>New</i>	794	795	-0.1%	712	11.5%
<i>Used</i>	3,505	3,227	8.6%	3,226	8.6%
Number of vehicles financed (millions)	1,217	1,131	7.6%	1,209	0.6%
<i>New</i>	436	438	-0.5%	410	6.3%
<i>Used</i>	781	693	12.7%	799	-2.2%
% Vehicles financed / vehicles sold	28.3%	28.1%	19 bps	30.7%	-239 bps
Contracts Systems					
Contracts added (millions)	907	824	10.2%	900	0.9%
% Contracts added / vehicles financed	74.6%	72.8%	173 bps	74.4%	16 bps