

2Q18

MARKET CAPITALIZATION

R\$42.1 billion on Jun 30, 2018

R\$48.0 billion on Aug 9, 2018

2Q18 SHARE COUNT

Weighted avg: 2,040,136,974

End of period: 2,043,885,810

STOCK PERFORMANCE

Quarter ending in Jun'18: -23.4%

CONFERENCE CALL (English)

Date: August 10, 2018

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

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Live webcast and presentation:
<http://choruscall.com.br/b3/2q18.htm>

Strong quarterly performance: all-time high volumes and revenues in the derivatives and equities segments;

Top line increased 28.4% driven by growth in all segments: BM&F +38.6%; Bovespa +47.7%; Cetip securities +8.8%; Cetip liens and loans +19.9%;

2Q18 recurring net income¹ reached R\$857.8 million, while recurring EBITDA² was R\$971.2 million.

São Paulo, Brazil, August 9, 2018. B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: B3SA3) reported today its second-quarter earnings for the period ending on June 30, 2018 (2Q18). Total revenues reached R\$1,386.2 million, a 28.4% increase year-over-year (2Q17), while recurring EBITDA grew 43.8%, which showed the Company’s operational leverage.

B3 reaffirms its previously announced 2018 guidances for adjusted expenses³ (OPEX), depreciation and amortization (D&A), revenue-linked expenses and expenses related to the combination with Cetip, as follows:

- Adjusted OPEX: R\$960 – R\$1,000 million;
- D&A: R\$910 – 980 million;
- Revenue-linked expenses: R\$200 – R\$220 million;
- Expenses related to the combination with Cetip: R\$55 – R\$75 million.

Other B3’s guidances for 2018 can be found in the [Material Fact disclosed on May 10, 2018](#).

Chief Executive Officer of B3, Gilson Finkelsztain, said: “In the second quarter of 2018, volumes reached all-time high levels in both equities and derivatives markets, mainly pushed by increased volatility. Such uncertainty also explains the recent recovery in volumes of OTC derivatives. These records led us to our best quarter ever in terms of revenues and EBITDA. While benefitting from this solid operating performance, we maintained our focus on our key priorities: expanding the portfolio of products, improving the quality of the services offered to the market, deepening our relationships with clients and financial intermediaries, as well as strengthening our corporate culture”.

Chief Financial and Investor Relations Officer, Daniel Sonder, added: “The strong operating performance in the second quarter of 2018 coupled with our discipline in expense management resulted in a significant margin expansion, showing the operational leverage offered by our business model. We are working towards deleveraging our balance sheet in the period 2018-2019 while at the same time maintaining a high ratio of cash distributions to our shareholders. In this regard, we have distributed R\$652 million in interest on capital to our shareholders since the beginning of the year, and in parallel we have retained cash to pay R\$1.5 billion in debt amortization schedule for December 2018”.

Noteworthy 2Q18 events – at a glance:

- Santa Catarina State adopted the new business model for the Contract System, starting in Apr’18 (see more in page 2)
- The Company’s tax base was significantly reduced by the distribution of R\$652.0 million in interest on capital (IoC) in the quarter (see more in page 4)
- Expenses impacted by the market price of our stock (B3SA3), which fell 23.4% in 2Q18:
 - Positive impact of R\$32.4 million from reversal of provisions for legal disputes, for which a portion of the amount under discussion is updated according to the market price of B3SA3 (see more in page 3)
 - Personnel expenses related to long-term stock-based compensation fell 43.7% (R\$13.8 million in 2Q18 versus R\$24.4 million in 2Q17), since the payroll charges that apply on that portion of compensation are adjusted by market price of B3SA3 (see more in page 3)
- Negative FX impact of R\$83.5 million in financial expenses, which was fully offset by lower income tax and social contribution, considering the hedge structure (see more in page 4)

Income statement summary (in R\$ millions)

	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1T18 (%)	1H18	1H17	1H18/1H17 (%)
Total revenues	1,386.2	1,079.2	28.4%	1,234.6	12.3%	2,620.7	2,122.7	23.5%
Net revenue	1,250.5	970.9	28.8%	1,111.9	12.5%	2,362.4	1,911.8	23.6%
Expenses	(531.6)	(671.7)	-20.9%	(602.8)	-11.8%	(1,134.4)	(1,426.3)	-20.5%
Financial result	(57.2)	(58.4)	-2.1%	(22.5)	154.1%	(79.7)	140.5	-156.7%
Net income (shareholders)	724.4	163.3	343.6%	314.7	130.2%	1,039.2	372.3	179.1%
Recurring expenses	(237.2)	(227.7)	4.2%	(224.7)	5.6%	(461.9)	(459.2)	0.6%
Recurring EBITDA	971.2	675.5	43.8%	760.2	27.7%	1,731.4	1,317.4	31.4%
Adjusted EBITDA margin	77.7%	69.6%	808 bps	68.4%	929 bps	73.3%	68.9%	438 bps
Recurring net income	857.8	475.7	80.3%	448.2	91.4%	1,306.1	1,002.9	30.2%

¹ See reconciliation on page 4.

² See reconciliation on page 3.

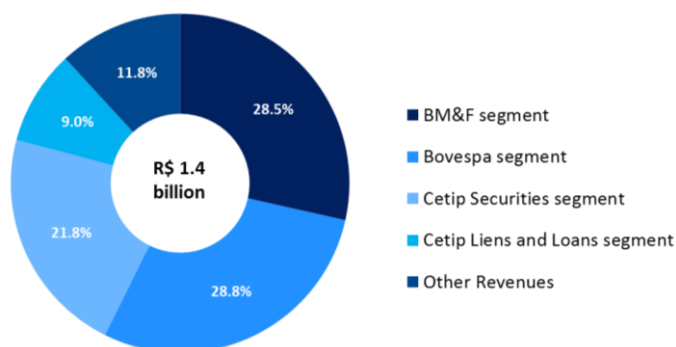
³ See reconciliation on page 3.

ANALYSIS OF 2Q18 RESULTS

REVENUES

Total revenues: reached R\$1,386.2 million in 2Q18, 28.4% higher than in 2Q17, reflecting growth in all segments, as detailed below.

2Q18 Revenues Breakdown (% of total revenues)



BM&F segment: amounted to R\$395.1 million (28.5% of total), 38.6% greater than in 2Q17, reflecting the higher volume of contracts traded in the period (see performance by segment section). It is important to highlight that B3 is exposed to the impact of foreign exchange on its US dollar-linked revenues⁴ (trading and post-trading of FX rates and Interest rates in USD contracts).

Bovespa segment: reached R\$399.4 million (28.8% of total), up by 47.7% in comparison to 2Q17. Revenues from volumes traded (trading and post-trading) amounted to R\$391.0 million, 47.5% higher than the same period of the previous year, reflecting the increase of 47.3% in the average daily trading value (see performance by segment section).

Cetip Securities segment: reached R\$302.2 million in 2Q18 (21.8% of total), an increase of 8.8% over 2Q17. The highlight was the rise of 16.9% in registration revenues, which were driven by the increase in activity of OTC derivatives (mainly FX swaps) and the issuance of bank funding instruments (see performance by segment section).

Cetip Liens and Loans segment: totaled R\$125.1 million in 2Q18 (9.0% of total), 19.9% higher than in 2Q17. The increase of 17.3% in SNG (Liens) revenues reflects the 8.8% rise in the number of vehicles financed (see performance by segment section), as well as certain adjustments to our pricing schedules. The increase of 27.7% in revenue from the Contracts System reflects the implementation of the new business model for this service in the states of São Paulo, as from 1Q18, and Santa Catarina, as from 2Q18.

Under the new model adopted in the states of São Paulo and Santa Catarina, 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 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 Contracts 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. These changes are fully reflected on the 2Q18 results.

B3 worked with its clients and partners to adjust the various aspects of the economics of this business, such as revisiting some of our pricing schedules for the SNG; and yet there was a negative impact for the Company. Under this new model, for each contract transmitted, the Company will retain R\$26.34⁵, net of the cost of the services provided by the Registering Company, the sharing of revenues with other partners, and taxes on revenue.

If other states migrate to the same model adopted in São Paulo and Santa Catarina over the next quarter, B3's revenues and expenses will be impacted again.⁶

Other revenues: other revenues reached R\$164.2 million (11.8% of total) in 2Q18, up by 16.2% over the same period of the previous year. The main highlights were:

- **Securities lending:** totaled R\$27.9 million (2.0% of total), a rise of 21.8% over 2Q17, reflecting the higher financial volume of outstanding positions due to the appreciation of the Market Cap.
- **Depository, custody and back-office:** totaled R\$61.0 million (4.4% of total), up by 10.4% over 2Q17, mainly reflecting the increase of 17.0% in revenues from *Tesouro Direto*, which reached R\$27.5 million in 2Q18. Furthermore, it is worth pointing out the all-time high reached in the number of individual accounts with the depository at the end of 2Q18, amounting to 710.9 thousand, with a positive impact on this revenue item.
- **Trading access (Brokers):** amounted to R\$11.5 million (0.8% of total), a rise of 31.8% in relation to the same period of the previous year, primarily reflecting the new pricing policy that came into effect in the second half of 2017.
- **Market data:** revenues from market data reached R\$29.8 million (2.2% of total), 9.9% higher than 2Q17, mainly explained by the depreciation of the Brazilian real versus the US dollar, since more than 62% of this revenue is denominated in US Dollar.

⁴ In Mar/18, B3 ceased hedging US\$ revenues. 2Q18 US dollar-linked revenues (including parts of BM&F and Cetip Securities segments and market data) totaled 16% of total revenues.

⁵ Gross income per loan before other operating expenses and income tax.

⁶ In the 12-month period between Jul'17 and Jun'18, the states of São Paulo and Santa Catarina accounted for 44% and 10% of the total contracts transmitted by B3, respectively (B3 does not offer the contracts transmission service in some states of Brazil).

- **Others:** totaled R\$10.5 million (0.8% of total), up by 183.3% over the previous year, mainly due to the reversal of provisions for legal disputes that totaled R\$7.6 million in 2Q18.

Net revenues: net revenues increased by 28.8% in relation to 2Q17, reaching R\$1,250.5 million in 2Q18.

EXPENSES

Expenses: expenses reached R\$531.6 million in 2Q18, down by 20.9% when compared to the same period of the previous year.

Adjusted expenses: amounted to R\$237.2 million, a 4.2% increase over 2Q17.

Reconciliation of adjusted expenses (in R\$ millions)

	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1T18 (%)	1H18	1H17	1H18/1H17 (%)
Expenses	(531.6)	(671.7)	-20.9%	(602.8)	-11.8%	(1,134.4)	(1,426.3)	-20.5%
(+) Depreciation and amortization	237.2	231.0	2.7%	236.0	0.5%	473.3	284.0	66.6%
(+) Long term stock-based compensation	13.8	24.5	-43.7%	34.9	-60.5%	48.7	57.3	-15.1%
(+) Related to the combination with Cetip	15.0	145.3	-89.7%	15.1	-0.7%	30.0	413.5	-92.7%
(+) Provisions (recurring and non-recurring)	(18.5)	20.9	-188.3%	49.7	-137.2%	31.2	169.3	-81.5%
(+) Revenue-linked expenses	46.8	22.3	110.0%	42.4	10.4%	89.3	43.0	107.7%
Adjusted expenses	(237.2)	(227.7)	4.2%	(224.7)	5.6%	(461.9)	(459.2)	0.6%

Note: as of 1Q18 B3 discloses guidance for revenue-linked expenses. To allow a better comparison, disclosure is also provided for revenue-linked expenses for previous quarters.

Personnel: totaled R\$163.8 million in 2Q18, down by 1.0% in relation to 2Q17. The effects of the adjustment of approximately 3.0% under the annual collective bargaining agreement to the Company's salary base as from Aug'17 were fully offset by the reduction in provisioned expenses referring to the long-term, stock-based incentive plan due to the decline in the market price of B3SA3 shares in the quarter⁷.

Third-party services: totaled R\$ 52.9 million in 2Q18, up by 85.6% over 2Q17, because of higher revenue-linked expenses, which totaled R\$46,8 million (vs. R\$22.3 million in 2Q17). As explained above, with the implementation of the new business model in the Contracts System in the states of São Paulo and Santa Catarina, B3 now recognizes as an expense the amount incurred with the services provided by the Registering Company.

Related to the combination with Cetip: totaled R\$15.0 million in 2Q18, consisting primarily of expenses involving advisors and consultants, as well as extraordinary personnel expenses⁸.

Other expenses: amounted to R\$4.0 million (positive) in 2Q18. Within this expense group, provisions are the most relevant item, and consist primarily of adjustment of provisions for legal disputes, in which part of the amount of the litigation is updated according to the market price of B3SA3 shares⁹. This had a positive effect of around R\$32.4 million in 2Q18 (against a negative effect of around R\$3.2 million in 2Q17) due to the depreciation of the market price of B3SA3 shares.

RECURRING EBITDA

Recurring EBITDA: amounted to R\$971.2 million, 43.8% higher than in 2Q17. Recurring EBITDA margin was 77.7%, 808 bps higher in the yoy comparison, as detailed bellow.

Reconciliation of recurring EBITDA (in R\$ millions)

	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1T18 (%)	1H18	1H17	1H18/1H17 (%)
EBITDA	956.2	530.2	80.4%	745.2	28.3%	1,701.3	769.6	121.1%
(+) Expenses related to the combination with Cetip	15.0	145.3	-89.7%	15.1	-0.7%	30.0	413.5	-92.7%
(+) Changes on long term stock based compensation program/methodology	-	-	-	-	-	-	-	-
(+) Non-recurring provisions	-	-	-	-	-	-	134.3	-
Recurring EBITDA	971.2	675.5	43.8%	760.2	27.7%	1,731.4	1,317.4	31.4%
<i>Recurring EBITDA margin</i>	<i>77.7%</i>	<i>69.6%</i>	<i>808 bps</i>	<i>68.4%</i>	<i>929 bps</i>	<i>73.3%</i>	<i>68.9%</i>	<i>438 bps</i>

OTHER FINANCIAL HIGHLIGHTS

Cash and cash equivalents: short- and long-term cash, cash equivalents and financial investments as of June 30, 2018 amounted to R\$8,398.1 million, composed mainly of: (i) B3's own cash, which totaled R\$5,689.3 million¹⁰ 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\$1,813.5 million in third-party cash, consisting largely of cash collateral pledged to the Company's clearinghouses by clients.

Indebtedness: at the end of 2Q18, the Company had R\$5,681.6 million in gross debt outstanding (72.4% long term and 27.6% short term), which is equivalent to 1.8x recurring 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. Since Mar'18, the 2020 Notes in the amount of USD612 million are fully hedged for principal and interest.

⁷ The provisions for payroll taxes applicable to personnel expenses involving the stock-based long-term incentive plan are adjusted in line with the market price of the B3SA3 shares.

⁸ Related to retention programs approved in Annual General Meeting of April 28, 2017.

⁹ The number of shares equivalent to the amounts under discussion is 5,186,739 B3SA3 shares. The closing price of the B3SA3 was R\$26.69 at the end of Mar/18, versus R\$20.45 at the end of Jun/18, a drop of 23.4%.

¹⁰ Does not include investments in Bolsa Mexicana de Valores, Bolsa de Comercio de Santiago, Bolsa de Valores de Colombia, Bolsa de Valores de Lima and B3 Inova amounting R\$359.6 million at 2Q18, booked as financial investments.

Financial result: Financial result was negative by R\$57.2 million in 2Q18. Financial income totaled R\$100.5 million, a drop of 55.5% over 2Q17, explained primarily by lower interest rates. Financial expenses, in turn, amounted to R\$157.7 million, down by 44.5% in the period, mainly explained by the reduction in total indebtedness (maturity of a R\$500 million in debenture in Sep'17), lower interest rates and non-recurring financial expenses recognized in 2Q17, in particular: (i) accrual of interest rate (CDI rate) on the portion of cash owed to the former shareholders of Cetip (R\$76.9 million) in the context of the merger; and (ii) provision for interest and fines (R\$42.0 million) related to the decision by B3 to adhere to the Special Tax Settlement Program (PERT).

In addition, it is important to note that the financial result was also negatively impacted by the exchange rate variation on offshore loans and on the Company's overseas investment totaling R\$83.5 million in 2Q18. Such impact has been fully offset in the income and social contribution taxes line (hedge structure). The table below isolates both impacts: on the financial income and on the income and social contribution taxes:

Effect of the hedge on the result (R\$ millions)	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1Q18 (%)
Net financial income	(57.2)	(58.4)	-2.1%	(22.5)	154.1%
(+/-) Effects of the hedge on net financial income	83.5	21.9	280.5%	2.5	3267.1%
Adjusted net financial income (excluding the effects of the hedge)	26.3	(36.4)	-172.2%	(20.0)	-231.4%
Earnings before taxes	662.1	241.3	174.4%	487.6	35.8%
(+/-) Effects of the hedge on net financial income	83.5	21.9	280.5%	2.5	3267.1%
Adjusted earnings before taxes (excluding the effects of the hedge)	745.5	263.2	183.3%	490.1	52.1%
Income tax and social contribution	63.1	(77.8)	-181.2%	(172.9)	-136.5%
(+/-) Effects of the hedge on income tax and social contribution	(83.5)	(21.9)	280.5%	(2.5)	3267.1%
Adjusted income tax and social contribution (excluding the effects of the hedge)	(20.3)	(99.7)	-79.6%	(175.3)	-88.4%

Income tax and social contribution: was positive by R\$63.1 million in 2Q18. Current tax amounted to R\$25.0 million (positive) due primarily to the reversal of the taxable profit of 1Q18 and includes R\$3.0 million in taxes with an impact on cash. Deferred income tax and social contribution of R\$38.1 million (positive), with no impact on cash, consist mainly of temporary differences from the tax amortization of goodwill amounting to R\$119.6 million in 2Q18. It is worth emphasizing that the base used for calculating the tax owed by the Company in the quarter considered distributions of interest on own capital totaling R\$652.0 million (B3 made two IoC distributions in the same quarter). In addition, the income tax and social contribution line was also affected by the hedge structure, as mentioned in financial result above.

Net income (attributable to shareholders): net income attributed to the shareholders of B3 reached R\$724.4 million, up by 343.6% against 2Q17, reflecting higher revenues, reduction of non-recurring expenses and the positive impact of income tax in the quarter.

Excluding the non-recurring items (see table below), net income would have reached R\$857.9 million in 2Q18, an increase of 80.3%, affected primarily by revenue growth and the positive impact of income tax in the quarter. Furthermore, if adjusted for the tax benefits from the amortization of the goodwill related to the merger with Cetip, net income would have totaled R\$977.5 million.

Reconciliation of net income (in R\$ millions)

	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1T18 (%)	1H18	1H17	1H18/1H17 (%)
Net income (attributable to shareholders)	724.4	163.3	343.6%	314.7	130.2%	1,039.2	372.3	179.1%
(+) Expenses related to the combination with Cetip	9.9	95.9	-89.7%	9.9	-0.7%	19.8	273.7	-92.8%
(+) Non-recurring provisions	-	-	-	-	-	-	88.6	-
(+) Impairment	-	-	-	-	-	-	43.2	-
(+) Amortization of intangibles from combination with Cetip	123.5	128.6	-4.0%	123.6	0.0%	247.1	128.6	92.1%
(+) Amortization of intangibles from combination with GRV	-	-	-	-	-	-	8.6	-
(+) Taxes Refinancing (REFIS/PERT)	-	87.8	-100.0%	-	-	-	87.8	-
Recurring net income	857.8	475.7	80.3%	448.2	91.4%	1,306.1	1,002.9	30.2%
(+) Deferred Tax (goodwill from Bovespa combination)	-	133.1	-	-	-	-	266.1	-
(+) Deferred Tax (goodwill from Cetip combination)	119.6	-	-	119.6	0.0%	239.3	-	-
Recurring net income adjusted by goodwill tax benefit	977.5	608.7	60.6%	567.8	72.1%	1,545.3	1,269.0	21.8%

CAPEX: in 2Q18, investments amounted to R\$28.2 million, referring primarily to the development and upgrading of technology systems. In the first semester of 2018, investments amounted to R\$ 69.1 million.

Distributions to shareholders: in April and June, the Board of Directors approved the payment of interest on capital of R\$200.0 million and R\$452.0 million, respectively. These were paid on May 8 and July 10, 2018, based on the register of shareholders of April 23 and June 22, 2018.

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

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

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

	2016	2017	1Q18	2Q18	2018e	Total
Contractual commitments and other accounting impact	-	232.5	-	-	-	232.5
Cetip's LT compensation and retention programs (cancellation of stock options and payroll taxes)	-	133.1	-	-	-	133.1
Impairment / write-offs / provision for contractual fines	-	99.4	-	-	-	99.4
Retention / severance programs approved in the AGM of 04/28/17²	-	84.6	8.7	3.3	~25.0	100.0 – 110.0
Advisors, consultants, branding	70.3	89.3	0.4	1.1	~10.0	165.0 – 170.0

Total	70.3	406.5	9.1	4.4	~35.0	505.0 – 515.0
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¹ In comparison with the numbers initially 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.

Guidance on expenses and CAPEX necessary to capture synergies from the business combination with Cetip (R\$ million)

	2016	2017	1Q18	2Q18	2018e	Total
Severance and services providers' expenses	8.5	150.9	6.0	10.6	~30.0	175.0 – 190.0
Capex (projects and integration)	-	8.3	3.3	14.2	~25.0	20.0 – 30.0

PERFORMANCE BY SEGMENT

BM&F segment: average daily volume for BM&F segment reached an historical quarterly record and increased 37.1% over 2Q17, reaching 4.4 million contracts in 2Q18. All product categories showed higher volumes in the period, specially Interest rate in BRL with 26.1% growth yoy, reflecting changes in the views about interest rates in Brazil, and Stock index contracts, which rose by 128.8%, driven by volume from individuals and High Frequency Traders ("HFTs").

Average revenue per contract (RPC) was R\$1.414, stable when compared to 2Q17. The appreciation of the US dollar against the Real, which had a positive effect on the RPC of FX rate and Interest rates in USD contracts, was offset by the greater share of HFTs and day trade operations, especially in Mini contracts, where the prices charged are lower than the average.

Bovespa segment: ADTV for equities reached R\$12.5 billion in 2Q18, an all-time high for a quarter and a 47.3% growth yoy, reflecting the 26.7% increase in the market capitalization of listed companies and higher turnover velocity, which reached 89.0% against 77.0% in 2Q17.

The trading and post-trading margin reached 4.965 bps in 2Q18 compared to 5.118 bps in 2Q17, a 3.0% decrease explained by: (i) greater share of institutional investors and day trades with lower margins; (ii) lower participation of derivatives, on which higher fees apply.

Cetip Securities segment: the value of additional fixed income instruments registered in 2Q18 was up 16.9% yoy, driven mainly by a 32.8% increase in the value of time deposits (CDBs). Also, the value of additional OTC derivatives and structured notes registered in the quarter increased 32.1% when compared to 2Q17 with higher volume in all instruments (swaps, forwards and others). The outstanding value of registered assets, on which maintenance fees¹¹ are applied grew by 12.3% when compared to 2Q17.

The average registration fee of fixed income instruments decreased by 3.5% yoy, impacted by change in the mix of products and migration of customers to lower price ranges, in accordance with the progressive table of discounts by volume. The average price charged for registration of OTC derivatives and structured notes also decreased by 16.6% against 2Q17, considering that the increase in average prices of swap and forwards was more than offset by the decrease in the average price of other derivatives/structured transactions.

Cetip Liens and Loans segment: the volume of liens registered was positively impacted by the 8.8% increase in the number of vehicles financed when compared to 2Q17, resulting from a 2.7% increase in the total number of vehicles sold and an increase in credit penetration, from 28.3% of total vehicles sold in 2Q17 to 30.0% in 2Q18.

In the Contracts System, the number of contracts transmitted dropped by 8.0% against 2Q17, due to the decrease in B3's market share, from 74.6% in 2Q17 to 63.0% in 1Q18, reflecting the interruption of this service in the state of Minas Gerais as of Sep'17.

¹¹ Maintenance fees are charged monthly on the outstanding value of securities and contracts in the system.

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS <i>(In R\$ thousands)</i>	Jun 30, 2018	Dec 31, 2017	LIABILITIES AND EQUITY <i>(In R\$ thousands)</i>	Jun 30, 2018	Dec 31, 2017
Current assets	8,221,642	6,506,030	Current liabilities	4,865,633	5,451,858
Cash and cash equivalents	396,018	711,140	Collateral for transactions	1,739,564	2,171,449
Financial investments	7,050,786	4,926,832	Financial instruments for hedge	4,951	18,032
Others	774,838	868,058	Loan	8,357	43,232
Noncurrent assets	29,743,729	31,073,849	Debentures	1,512,619	1,513,167
Long-term receivables	1,603,514	2,563,595	Others	1,600,142	1,705,978
Financial investments	951,329	2,197,268	Noncurrent liabilities	8,337,075	7,818,007
Others	652,185	366,327	Debt issued abroad	2,311,492	2,012,331
Investments	45,482	44,962	Financial instruments for hedge	0	3,313
Property and equipment, net	586,825	573,669	Loan	589,209	508,998
Intangible assets	27,507,908	27,891,623	Debenture	1,498,809	1,497,434
Goodwill	22,338,799	22,338,876	Deferred inc. tax and social contrib.	3,204,369	3,081,088
Software and projects	5,013,429	5,363,067	Others	733,196	714,843
Others	155,680	189,680	Equity	24,762,663	24,310,014
			Capital	3,198,655	3,198,655
			Capital reserve	18,385,286	18,399,366
			Others	3,178,722	2,711,993
			Non-controlling interests	11,105	10,320
Total Assets	37,965,371	37,579,879	Total liabilities and equity	37,965,371	37,579,879

IFRS ACCOUNTING INCOME STATEMENT

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	2Q18	2Q17	2Q18/2Q17 (%)	1Q18	2Q18/1Q18 (%)	1H18	1H17	1H18/1H17 (%)
Total revenues	1,386,172	1,079,205	28.4%	1,234,565	12.3%	2,620,737	2,122,699	23.5%
BM&F Segment	395,147	285,167	38.6%	309,202	27.8%	704,349	535,718	31.5%
Derivatives	389,793	280,577	38.9%	304,613	28.0%	694,406	526,099	32.0%
Foreign exchange	5,354	4,590	16.6%	4,589	16.7%	9,943	9,619	3.4%
Bovespa segment	399,442	270,498	47.7%	354,305	12.7%	753,747	542,891	38.8%
Trading fees	60,823	43,131	41.0%	55,769	9.1%	116,592	87,197	33.7%
Clearing fees	330,128	221,833	48.8%	293,713	12.4%	623,841	444,143	40.5%
Others	8,491	5,534	53.4%	4,823	76.1%	13,314	11,551	144.6%
Cetip Securities segment	302,205	277,757	8.8%	288,908	4.6%	591,113	552,706	6.9%
Registration fees	33,511	28,657	16.9%	29,624	13.1%	63,135	53,821	17.3%
Maintenance (CSD/TR)	134,461	124,634	7.9%	126,092	6.6%	260,553	249,368	4.5%
Monthly utilization	73,760	61,196	20.5%	74,976	-1.6%	148,736	121,747	22.2%
Transaction fees	28,514	35,916	-20.6%	27,752	2.7%	56,266	74,268	-24.2%
Other revenue from services	31,959	27,354	16.8%	30,464	4.9%	62,423	53,502	15.3%
Cetip liens and loans segment	125,134	104,388	19.9%	120,298	4.0%	245,432	208,046	18.0%
SNG	45,184	38,523	17.3%	42,624	6.0%	87,808	76,943	14.1%
Contracts systems	62,012	48,547	27.7%	60,198	3.0%	122,210	96,665	26.4%
Market data and development of solutions	17,534	16,985	3.2%	17,134	2.3%	34,668	33,697	2.9%
Other revenues	404	333	21.3%	342	18.1%	746	741	0.7%
Other revenues	164,244	141,395	16.2%	161,852	1.5%	326,096	283,338	15.1%
Securities lending	27,869	22,888	21.8%	27,585	1.0%	55,454	49,879	11.2%
Listing	15,705	13,990	12.3%	15,261	2.9%	30,966	28,468	8.8%
Depository, custody and back-office	60,963	55,216	10.4%	60,996	-0.1%	121,959	106,071	15.0%
Trading access (Brokers)	11,517	8,735	31.8%	11,595	-0.7%	23,112	17,065	35.4%
Market data	29,820	27,139	9.9%	27,697	7.7%	57,517	53,057	8.4%
BM&FBOVESPA bank	7,913	9,736	-18.7%	7,632	3.7%	15,545	19,990	-22.2%
Others	10,457	3,691	183.3%	11,086	-5.7%	21,543	8,808	144.6%
Revenue deductions	(135,648)	(108,302)	25.2%	(122,643)	10.6%	(258,291)	(210,889)	22.5%
PIS and Cofins	(113,652)	(91,150)	24.7%	(102,280)	11.1%	(215,932)	(177,057)	22.0%
Service tax	(21,996)	(17,152)	28.2%	(20,363)	8.0%	(42,359)	(33,832)	25.2%
Net revenues	1,250,524	970,903	28.8%	1,111,922	12.5%	2,362,446	1,911,810	23.6%
Expenses	(531,563)	(671,745)	-20.9%	(602,821)	-11.8%	(1,134,384)	(1,426,263)	-20.5%
Personnel	(163,783)	(165,462)	-1.0%	(180,265)	-9.1%	(344,048)	(344,911)	-0.3%
Data processing	(45,824)	(43,328)	5.8%	(45,146)	1.5%	(90,970)	(86,966)	4.6%
Deprec. and amortization	(237,238)	(231,032)	2.7%	(236,049)	0.5%	(473,287)	(284,008)	66.6%
Third-party services	(52,930)	(28,526)	85.6%	(46,710)	13.3%	(99,640)	(54,893)	81.5%
Maintenance	(5,198)	(6,092)	-14.7%	(5,615)	-7.4%	(10,813)	(11,145)	-3.0%
Communication	(1,125)	(2,462)	-54.3%	(1,759)	-36.0%	(2,884)	(5,000)	-42.3%
Marketing	(7,330)	(4,980)	47.2%	(4,085)	79.4%	(11,415)	(10,135)	12.6%
Taxes	(3,171)	(2,208)	43.6%	(1,968)	61.1%	(5,139)	(4,977)	3.3%
Board/committees compensation	(4,042)	(4,115)	-1.8%	(3,641)	11.0%	(7,683)	(8,363)	-8.1%
Related to the combination with Cetip	(14,956)	(145,327)	-89.7%	(15,057)	-0.7%	(30,013)	(413,544)	-92.7%
Others	4,034	(38,213)	-110.6%	(62,526)	-106.5%	(58,492)	(202,320)	-71.1%
Operating income	718,961	299,158	140.3%	509,101	41.2%	1,228,062	485,547	152.9%
<i>Operating margin</i>	<i>57.5%</i>	<i>30.8%</i>	<i>2,668 bps</i>	<i>45.8%</i>	<i>1,171 bps</i>	<i>52.0%</i>	<i>25.4%</i>	<i>2,659 bps</i>
Impairment	-	-	-	-	-	-	(65,508)	-100.0%
Equity in income of investees	274	482	-43.2%	1,005	-72.7%	1,279	658	94.4%
Financial result	(57,160)	(58,373)	-2.1%	(22,499)	154.1%	(79,659)	140,453	-156.7%
Financial income	100,528	225,775	-55.5%	119,248	-15.7%	219,776	657,717	-66.6%
Financial expenses	(157,688)	(284,148)	-44.5%	(141,747)	11.2%	(299,435)	(517,264)	-42.1%
Income before taxes	662,075	241,267	174.4%	487,607	35.8%	1,149,682	561,150	104.9%
Income tax and social contribution	63,132	(77,787)	-181.2%	(172,871)	-136.5%	(109,739)	(188,525)	-41.8%
Current	25,002	(39,627)	-163.1%	(24,574)	-201.7%	428	(126,678)	-100.3%
Deferred	38,130	(38,160)	-199.9%	(148,297)	-125.7%	(110,167)	(61,847)	78.1%
Net income	725,207	163,480	343.6%	314,736	130.4%	1,039,943	372,625	179.1%
<i>Net margin</i>	<i>58.0%</i>	<i>16.8%</i>	<i>4,115 bps</i>	<i>28.3%</i>	<i>2,969 bps</i>	<i>44.0%</i>	<i>19.5%</i>	<i>2,453 bps</i>
Attributable to:								
B3's shareholders	724,435	163,315	343.6%	314,723	130.2%	1,039,158	372,341	179.1%
<i>Net margin</i>	<i>58.0%</i>	<i>16.8%</i>	<i>4,115 bps</i>	<i>28.3%</i>	<i>2,969 bps</i>	<i>44.0%</i>	<i>19.5%</i>	<i>2,453 bps</i>
Minority interest	772	165	367.9%	13	5838.5%	785	284	176.4%