FINANCIAL STATEMENTS 2021

Dear Shareholders,

B3 S.A. – Brasil, Bolsa, Balcão ("B3" or "Company") hereby submits for your consideration the Management Report regarding activities performed in 2021.

HIGHLIGHTS OF THE YEAR

The year 2021 was marked by the continuing effects of the Covid-19 pandemic on society and on the global financial and capital markets, which reflected, among other factors, the economic recovery policies adopted around the world. In Brazil, the advance of vaccination, and the consequent reduction of restrictions of mobility, brought better prospects for the recovery of the economy. In despite of that, market's concerns about the rapid escalation of inflation and interest rates grew throughout the year.

For the markets served by B3, the scenario of volatility translates into greater activity. Supported by our stable and secure platforms, our clients traded higher volumes in 2021. The average daily financial volume (ADTV) traded on the cash equity market grew 14% compared to 2020 and totaled R$33.2 billion, while the average daily volume (ADV) on the listed derivatives segment was 4.6 million, 7% higher than in 2020. Variable income funding activity was also strong in 2021, with 46 IPOs and 26 follow-ons during the year (totaling R$130.5 billion). B3's depository ended the year with 5.0 million individual accounts, an increase of 54% compared to the end of 2020.

B3's good performance in 2021 successfully concludes the cycle of executing the four-year strategic planning designed in 2018, after the merger of BM&FBOVESPA and Cetip. During this period, we were focused on strengthening our core business, tightening our relationship with our customers, expanding the range of services and products offered, preserving operational stability and efficiency. We recorded growth in our main lines of business, as demonstrated, for example, by our robust average annual growth (CAGR): in the average daily traded volume of equities (42% p.a.), of listed derivative contracts (45% p.a.) and in the total volume registered of bank funding instruments (15% p.a.). The Company's net revenues showed an average annual growth of 27% from 2018 to 2021.

In 2021, with the end of this first cycle, we extensively revisited our strategy for the coming years. The result of this work showed that the maturity achieved by B3 allows us not only to continue strengthening our core business, but also, with equal emphasis, to seek to expand our operations. In practice, this means having a more focused core business, always supported by our pillars of operational excellence, proximity to clients and attention to potential technological, regulatory or product disruptions; and, at the same time, to operate in new segments chosen by B3 that are adjacent to our core business, with dedicated resources, structures and practices.

In order to select the businesses in which we will operate in addition to our core business, we conducted an in-depth analysis of market maturity, competitive edges and presence in our ecosystem, which led us to initially select three different fronts: (i) reformulation of the Financing Infrastructure Unit in order to prioritize the growth of operations in data & analytics for credit and retail, with more independent management, greater agility and flexibility; (ii) Digital Assets, acting, in principle, as a B2B infrastructure; and (iii) creation of a Venture Builder, a structure that will allow us to invest in a portfolio of "big business options" for B3.

And, within our strategy, it is worth mentioning the leading role that the data & analytics area should assume in the growth of B3. Our ambition is to be the data hub for the Brazilian market. This ambition was accelerated with the purchase of Neoway, a big data analytics and artificial intelligence for business company, which offers solutions that generate higher productivity and precision in decision making in sales and marketing, credit, fraud prevention, compliance, legal intelligence, among others. The transaction brings in a team with a distinctive knowledge and expertise of this market and an already established platform, strengthening the development capacity and accelerating the go-to-market of data and analytics products for the financial and capital markets, as well as credit and retail and for know-your-customer (KYC), compliance and anti-money laundering (AML) services, and serving both financial customers and clients in other markets.

To ensure the success of this strategy, B3 has five development enablers that guide the Company's business and are equally important for the growth of the core business and new businesses. The first enabler is "customer focus", which seeks proximity to and understanding of customer needs and captures demands through relationship and service structures. In 2021, some important advances were made in this regard, among which we can highlight: (i) a new specific relationship model for credit fintechs and startups; (ii) expansion of international offices and (iii) closer contact with individual investors, through the new logged-in area (formerly CEI) and the new educational hub. Customer focus is also reflected in the preparation and execution of our roadmap of products and services, always developed in partnership with the market. In 2021, we can highlight the new pricing policy for the equities market (sharing more of the operational leverage with the market), cryptocurrency ETFs, Fiagros, automatic exercise of options, U.S. dollar "casado" contract, Soja (Soy) Brasil futures and B3 Line (*B3 Linha*), a new platform to serve clients in the over-the-counter segment with greater dynamism, flexibility and agility. The quantity and quality of these deliveries was only possible due to our second enabler, "Agility and Innovation" represented by the implementation of the agile methodology for project development at B3 and by the initiative "Simplifica B3", which analyzes, reduces bureaucracy and removes friction from critical projects for the market, improving the internal and external customer experience.

The third enabler is our "organizational culture", in which we prioritize attracting, encouraging and retaining talents aligned with B3 values (Customer proximity and satisfaction; Operational solidity and credibility; Right attitude for today, tomorrow and always; Environment for people to develop; and Openness and Collaboration). In 2021, B3's efforts were recognized by our team, which considered us one of the best companies to work for according to the *Great Place to Work* (GPTW) methodology. It is also important to highlight the role that sustainability plays in our culture, where we work on 3 different fronts: (i) exercising the best sustainability practices, (ii) inducing good practices in the market, and (iii) strengthening the portfolio of solutions to the market.

The fourth enabler is essential to the market infrastructure business and a priority for B3: operational excellence. In 2021, our investments in technology, people and processes led us once again to achieve very high levels of availability of the trading systems (99.980%). This happened in an environment of growing business volume, which went from 3.9 million on average per day in 2019 to 10.2 million on average per day in 2021. Among the fundamental aspects of our operational excellence is the constant evolution in cybersecurity, in which we adhere to the best frameworks and participate in discussions on the subject with other exchanges.

Finally, we made advances in mergers and acquisitions and strategic partnerships as important tools in the execution of our strategy. Along these lines, we can highlight, in addition to the purchase of Neoway mentioned above, two moves carried out by B3 in 2021. B3 invested R$600 million to create Dimensa, a leading company in the offering of software for companies in the financial segment, a company that in addition to the capital of B3, received the spin-off of a business division of TOTVS, which controls Dimensa, in which B3 has a minority position of great influence. Dimensa expands our presence in areas adjacent to our core business with high growth potential and strengthens B3's relationship with our clients. Additionally, we participated in the investment round of Pismo, a techfin that offers a processing platform for financial services in the cloud, strengthening our relationship with a key supplier for future developments in our markets.

Regarding our financial performance in 2021, our consolidated net revenues increased by 10.3%, with revenue growth in all our business segments. The Company's operating leverage, aligned with expense discipline, contributed to the 14.0% growth in our recurring EBITDA, which reached R$7.3 billion, with a margin of 80.2%. Distributions for the year totaled R$6.0 billion (including dividends, interest on capital and repurchase of shares), which represents a payout of 127% of corporate net income for the period. Seeking an adequate capital structure with high liquidity, we ended 2021 with gross debt of R$14.3 billion, representing a financial leverage of 2.0 times Gross Debt over recurring EBITDA. During the year, we carried out two important funding transactions: (i) issuance of R$3.0 billion of debentures in the local market and (ii) issuance of international debt securities in the amount of US$700 million. The transaction in the international market stands out for being the first issuance of sustainability-linked bonds by an exchange in the world, in which B3 committed to two diversity goals: (i) creation of a diversity index by Dec-24; and (ii) increase in the percentage of women in leadership positions at B3 to at least 35.0% by Dec-26.

The year 2022 begins with many uncertainties in the global political and economic scenario, with the conflict in Eastern Europe. B3's focus is on executing the strategy designed for the coming years, which involves strengthening our core business and expanding our business beyond our core, with the aim of being increasingly indispensable to our clients in the financial market and even beyond. Supported by our pillars, values and, above all, our people, we continue to focus our work on offering clients and regulators solutions that exceed their expectations and, thus, positioning B3 as the market's infrastructure of choice.

Operational Performance

All comparisons in this document are in relation to the year 2020.

Listed

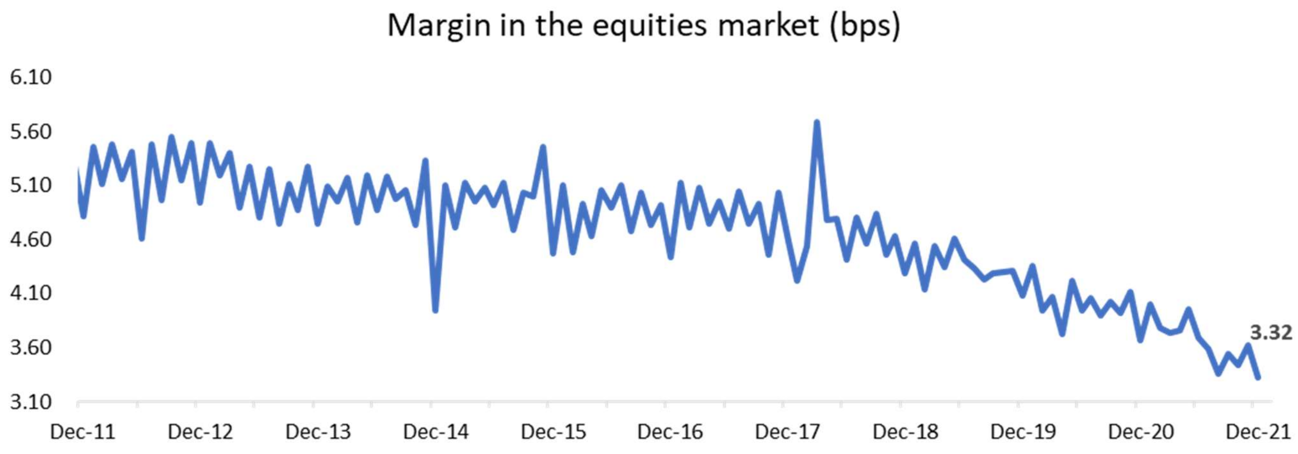
Equities

		2021	2020	2021/2020 (%)
Cash market	ADTV (R$ million)	33,221.1	29,112.7	*14.1%*
	Margin (bps)	*3.652*	*3.988*	*-0.335 bps*
Average market capitalization	*(R$ billion)*	5,211.2	4,167.4	*25.0%*
Turnover velocity	*Annualized (%)*	*157.5%*	*173.9%*	*-1,649 bps*
Options market (stock/indices)	ADTV (R$ million)	795.0	703.8	*13.0%*
	Margin (bps)	12.577	11.527	*1.050 bps*
Forward market	ADTV (R$ million)	361.3	212.2	*70.2%*
	Margin (bps)	9.744	12.999	*-3.255 bps*
Stock indices futures	ADV (thousands of contracts)	3,971.3	2,538.9	*56.4%*
	Average RPC (R$)	*0.902*	*1.001*	*-9.9%*
Number of individual investors (CPFs)	Average (thousand)	3,255.8	2,249.5	*44.7%*
Number of investors (accounts)	Average (thousand)	3,903.7	2,690.8	*45.1%*
Securities lending	Average open positions (R$ billion)	105.1	74.0	*42.1%*

Note: "ADTV" stands for Average Daily Traded Volume; "ADV" stands for Average Daily Volume; "RPC" stands for Revenue per Contract; "bps" stands for basis points; "turnover velocity" results from dividing the volume traded on the spot market in the period by the average market capitalization for the period.

In the equities segment, the highlights were the 14.1% growth in the average daily traded volume (ADTV) in the cash equities market, and the 56.4% in the volume of stock indices futures contracts. In the cash equities market, the increase reflects the greater market capitalization, influenced by the public offerings held in the last twelve months, and the recovery in the value of shares listed in the segment, which depreciated in 2020 mainly due to the pandemic. Turnover velocity was 157.5%, down against the previous year, but still above historic levels. The positive performance of futures contracts is explained by the growth in trading of the "mini" version of these contracts, particularly, by individuals and High Frequency Traders (HFT).

The trading/post-trading margin in cash equities market was 3.652 bps. The 0.335 bps decrease was mainly due to (i) the new pricing policy for the equities market, in effect since Feb/21[1], which replaced the progressive discount model based on global ADTV by lower prices for all investors and larger discounts for day traders; and (ii) the effectiveness, in June 2021, of the incentive program for large non-day traders[2], an initiative that offers a differentiated table of fee discounts for clients who fit specific levels of monthly trading volume. The average RPC of stock indices future contracts was R$0.902, down 9.9%, particularly due to the increase in volumes.



Note: Margin in bps includes fees at both ends of trades (buy + sell).

[1] In February 2021, the intermediate model for the new price policy for cash equities came into effect, as announced in December 2020. The main changes introduced in this intermediate model were a) replacement of the discount model based on global ADTV for reduced fees, b) adjustments in day trade fees and c) review of custody fees for local investors, with exemption for accounts with balance of up to R$20 thousand, in addition to eliminating monthly maintenance fees. Further details available in the Material Fact dated 12/10/2020.

[2] Further information in Circular Letter 040/2021-PRE

The average number of accounts in the equities' depository was up by 44.7%, reflecting the continuous search by individual investors for asset diversification. Finally, the volume of outstanding positions for securities lending grew 42.1% year, influenced by the appreciation of assets in the stock market.

FICC

		2021	2020	2021/2020 (%)
Interest rates in BRL	ADV (thousands of contracts)	3,263.2	3,058.1	*6.7%*
	Average RPC (R$)	0.931	0.891	*4.4%*
Interest rates in USD	ADV (thousands of contracts)	290.5	288.5	*0.7%*
	Average RPC (R$)	2.702	2.291	*17.9%*
FX rate	ADV (thousands of contracts)	1,047.4	953.9	*9.8%*
	Average RPC (R$)	5.417	5.207	*4.0%*
Commodities	ADV (thousands of contracts)	21.8	14.1	*54.8%*
	Average RPC (R$)	1.994	2.187	*-8.9%*
Total	ADV total (thousands of contracts)	4,622.9	4,314.6	*7.1%*
	Average RPC (R$)	2.064	1.943	*6.2%*

The average daily volume was 4.6 million contracts, up by 7.1%, reflecting higher volumes traded in all contracts. Average Revenue per Contract (RPC) was up by 6.2% in the period, primarily influenced (i) by the 4.5% appreciation of the USD against the R$ in the monthly closings, which had a positive impact on the RPC of the FX Rates and Interest Rates contracts in USD, since these contracts are pegged to the U.S. currency and (ii) by the increase in longer futures contracts of Interest Rates in R$, which have higher RPC.

OTC

Fixed Income Instruments

		2021	2020	2021/2020 (%)
Issues	Bank funding (total in R$ billions)	12,810.9	12,195.9	*5.0%*
	Other (total in R$ billions)	716.7	704.8	*1.7%*
Outstanding balance	Bank funding (average in R$ billions)	2,201.3	1,927.1	*14.2%*
	Corporate debt (average in R$ billions)	734.4	689.6	*6.5%*
	Other (average in R$ billions)	848.7	714.5	*18.8%*
Treasury Direct	Number of investors (average in thousands)	1,596.6	1,305.6	*22.3%*
	Stock (average in R$ billions)	69.5	66.3	*4.7%*

Note: "Bank funding" includes *DI*, *CDB*, *Letras Financeiras* and other instruments such as *RDB*, *LC*, and *DPGE.*
"Other" includes real estate notes (*LCI*, *CCI*, *CRI* and *LH*), agribusiness certificates (*CRA, LCA* and *CDCA*) and funding instruments (*CCB, CCCB, NCE, CCE*, Export Notes, and *NC*).

The volume of issuances and outstanding positions of bank funding instruments increased by 5.0% and 14.2%, respectively, mainly due to (i) the increase in issuances of certificates of deposit by banks, which represented 75.4% of new bank funding during 2021 and (ii) of the consecutive hikes in the basic interest rate, which contributed to the increase in the outstanding financial volume. The average outstanding balance of corporate debt instruments increased by 6.5%, with debentures of leasing accounting for 21.3% of the outstanding balance of corporate debt in 2021 (vs. 29.0% in 2020).

Another highlight in the fixed-income market was the continuous growth in Treasury Direct (TD), where number of investors and outstanding balance showed an increase of 22.3% and 4.7%, respectively. B3 offers an incentive program for brokerage firms to increase the number of investors in this product, which is reviewed on a yearly basis. In 2021, in order to adjust the program to different customer sizes, we announced a new format with two incentive models, depending on the broker's outstanding balance[3] in TD, and is recognized as a revenue-linked expense.

[3] Brokers holding outstanding balances of Treasury Direct (TDs) that are worth less than R$4 billion are covered by Model I, in which case the incentive is a variable amount depending on investor base (R$200 per customer added); Brokerage firms holding an outstanding balance of more than R$4 billion in TDs are covered by Model II, in which incentive is calculated as a percentage of the outstanding balance and its amount depends on growing the investor base and may reach up to 0.25% for the highest range.

Derivatives

		2021	2020	2021/2020 (%)
Issues	(total in R$ billion)	10,903.4	12,989.1	*-16.1%*
Stock	(average in R$ billion)	5,060.5	4,039.4	*25.3%*

Registrations of new issuances on the OTC derivatives and structured notes market decreased by 16.1%, mainly due to lower volumes of issuances of swaps and other derivatives[4], due to the high comparison base in 2020, a period that was influenced by volatility resulting from the beginning of the pandemic in Brazil, when there was a large number of early terminations of swaps and forward contracts ("Issues" accounts for both new registrations and early terminations). In the same comparison, the average outstanding balance was up by 25.3%, driven by the depreciation of the BRL against the USD.

Infrastructure for Financing

		2021	2020	2021/2020 (%)
SNG	Number of vehicles sold (thousands)	18,632.4	15,919.8	*17.0%*
	Number of vehicles financed (thousands)	5,904.4	5,529.2	*6.8%*
	% Vehicles financed / vehicles sold	*31.7%*	*34.7%*	*-3.0 pp*
Contracts System	Contracts added (thousands)	2,987.3	3,186.8	*-6.3%*
	% Contracts added / vehicles financed	*50.6%*	*57.6%*	*-7.0 pp*

In 2021, the number of vehicles sold increased by 17.0% in Brazil, reflecting market recovery after the impacts caused by the pandemic in 2020. The number of additions to the National Liens System (SNG) increased by 6.8%, despite lower credit penetration due to a macroeconomic scenario less favorable to financing. However, despite the increase observed in relation to 2020, the levels remain below the pre-pandemic scenario in 2019.

The number of transactions in the Contracts System decreased by 6.3% in the year. It is worth noting that, aiming at complying with Contran Resolution 807, in February 2021, we replaced *Integra* + by *SEND* – Data Sending System, a new product that changed our price and contract data availability models.

Technology, data and services

		2021	2020	2021/2020 (%)
Monthly Utilization	Average number of customers	16,154	14,124	*14.4%*
CIP	Number of electronic cash transfers (TEDs) processed (thousands)	893,452	1,331,734	*-32.9%*

The average number of customers that pay for the monthly use of OTC segment systems increased by 14.4%, mainly due to the fund industry's growth in Brazil. The number of TEDs [electronic transfers] processed was down by 32.9%, due to growing use of instant payment (PIX) during the year.

[4] Other derivatives include BOX, Flexible Options, Derivatives Contracted Abroad and Derivatives Linked to Loans.

INCOME STATEMENT

Revenues

Gross revenues: 10,288.1 million, an increase of 10.3%, with growth in all our segments.

Listed: R$7,097.7 million (69.0% of the total), increased by 10.2%.

- **Equities and equity instruments:** R$4,753.7 million (46.2% of total), up by 9.9%.
  - Trading and post-trading: R$4,206.7 million (40.9% of total), up by 10.4%, reflecting the growth in volumes traded on the cash equities and stock index futures contracts markets.
  - Depository: R$150.9 million (1.5% of total), down by 19.0% in the period, mainly due to the new pricing policy in the equities market, which came into effect in Feb/21 and replaced the monthly maintenance fee for a new pricing table for local investors, with exemption for accounts with balances of up to R$20 thousand.
  - Securities lending: R$238.3 million (2.3% of total), up by 23.8%, due to the 42.1% increase in the average financial volume of outstanding positions.
  - Listing and solutions for issuers: R$157.8 million (1.5% of total), up by 16.1% mainly due to the increase in the number of public offerings, which totaled R$130.5 billion (46 IPOs and 26 follow-ons) in the year compared to R$117.7 billion (28 IPOs and 25 follow-ons) in 2020.
- **FICC:** R$2,344.0 million (22.8% of total), up by 10.8%, mainly due to (i) the higher volumes traded in all contracts, (ii) the appreciation of the USD against the BRL in the monthly closings, and (iii) the increase in longer futures contracts linked to Interest Rates in R$, which in turn have a higher RPC.

OTC: R$1,142.7 million (11.1% of total), up by 9.1%.

- Fixed income instruments: R$700.1 million (6.8% of total), an increase of 10.3%, mainly due to (i) the growth in issuances and the outstanding balance of bank funding instruments, in particular certificates of deposits, (ii) higher corporate debt stock, and (iii) increase in revenues from Treasury Direct, which in 2021 was R$162.7 million (market incentives linked to this product totaled R$71.1 million in the year and are classified as an revenue-linked expenses), while in 2020, revenues were R$158.6 million (and the incentives were R$50.9 million).
- Derivatives and structured transactions: R$269.4 million (2.6% of total), up by 6.7%, due to the higher average financial volume in the outstanding balance of derivatives and structured transactions, driven by the depreciation of the real against the US dollar.
- Other: R$173.3 million (1.7% of total), up by 8.5%, reflecting increased registration and outstanding balance of fund quotas.

Infrastructure for financing: R$476.5 million (4.6% of total), an increase of 12.1%, due to (i) recovery of the vehicle segment after the impacts of the Covid-19 pandemic in Brazil, (ii) annual adjustment of prices according to inflation (IPCA), and (iii) the growth in revenues from real estate financing services.

Technology, data and services: R$1,387.0 million (13.5% of total), up by 22.3%.

- **Technology and access:** R$857.4 million (8.3% of total), up by 15.6%, with emphasis on the growth of the monthly utilization line, driven by (i) the increase in the customer base that accesses the OTC platforms and (ii) the annual adjustment of prices according to inflation (IPCA).
- **Data and analytics:** R$300.6 million (2.9% of total), up by 26.5%, mainly due to the increase in revenues from *Market Data*, impacted by the greater number of accesses to data provided by B3 in real time and by the depreciation of the real against the dollar.
- **Bank:** R$89.2 million (0.9% of total), up by 72.0%, mainly due to the higher volume of BDRs in the period, which are held in custody by B3 Bank.
- **Other:** R$139.7 million (1.4% of total), up by 35.4%, with emphasis on the growth of revenues from auctions.

Net revenues: up by 10.3%, reaching R$9,248.2 million.

Expenses

Expenses totaled R$2,927.6 million, up by 8.3%.

- **Personnel and charges:** R$1,000.5 million, up by 17.3%, mainly explained by (i) the annual salary adjustment by inflation (collective bargaining), (ii) for the recognition of expenses from termination of employment contract and granting of shares arising from changes in the Company's senior management team, and (iii) new hires.

- **Data processing:** R$358.4 million, an increase of 34.4%, due to (i) the intensification of projects to improve services, launch new products and increase capacity; and (ii) inflation effects and exchange.

- **Depreciation and amortization:** R$1,057.1 million, up by 1.5%.
- **Revenue-linked expenses:** R$257.7 million, an increase of 34.4%, mainly due to (i) increase in the Treasury Direct incentive program, (ii) higher expenses for Portal de Documentos operations, with an increase in the volume of real estate financing transactions, and (iii) higher number of IPOs in the period.
- **Third-party services:** totaled R$75.7 million, down by 3.6%, due to lower expenses with consulting fees and projects, despite higher expenses with M&A transactions in the period.
- **Others:** totaled R$105.0 million, down by 48.0%, mainly due to lower expenses (i) relating to recording and reclassifications of legal contingencies, and (ii) with donations.

Adjusted Expenses: R$1,345.7 million, up by 14.6%, mainly reflecting the growth in data processing and personnel expenses, as explained above.

(In R$ millions)	2021	2020	2021/2020 (%)
Expenses	**(2,927.6)**	**(2,702.1)**	**8.3%**
(+) Depreciation and amortization	1,057.2	1,041.3	1.5%
(+) Long term stock-based compensation	146.5	156.5	-6.4%
(+) Provisions (recurring and non-recurring)	42.6	138.0	-69.1%
(+) Revenue-linked expenses	257.7	191.8	34.4%
(+) Write-off of projects	17.2	-	-
(+) Extraordinary M&A expenses	12.3	-	-
(+) Extraordinary employment termination expenses	48.4	-	-
Adjusted expenses	**(1,345.7)**	**(1,174.6)**	**14.6%**

Financial Result

The financial result in 2021 was positive by R$195.3 million. Financial revenues reached R$924.9 million, up by 147.9%, due to (i) higher interest rates, and (ii) the increase in cash from the issue of debts in the domestic and international markets (a debenture of R$3.0 billion, and a bond of USD700 million) in May/2021 and September/2021, respectively.

In turn, financial expenses amounted to R$684.9 million, up by 126.4%, also mainly explained by the Company's higher indebtedness after the issuances mentioned above.

It is important to note that, in 4Q21, the Company set up a cash flow hedge by assigning the loan in foreign currency contracted in September 2021 to cover the impacts of FX variation on part of the revenues denominated in USD in the FICC segment (mainly FX and interest rate contracts in USD), reducing the impact of FX variation on revenues and, thus, on financial expenses.

(In R$ millions)	2021	2020	2021/2020 (%)
Financial result	**195.3**	**(86.6)**	-
Financial Income	924.9	373.1	*147.9%*
Financial expenses	(684.9)	(302.5)	*126.4%*
Net FX variations	(44.7)	(157.2)	*-71.6%*

In addition, it is important to note that the financial result was also impacted by the effects of the FX rate variation on foreign currency loans and on the Company's investment abroad, with this impact being neutralized by changes in the income tax and social contribution line (hedge structure). The table below isolates these effects from both the financial result, and income tax and social contribution.

Hedge Impact on Income

(in R$ millions)	2021	2020	2021/2020 (%)
Net Financial Income	195.3	(86.6)	-
(+/-) Effects of the hedge on net financial income	61.2	182.8	-66.5%
Adjusted net financial income (excluding the effects of the hedge)	**256.6**	**96.2**	**166.6%**
Income before income tax	6,516.3	5,515.9	18.1%
(+/-) Effects of the hedge on net financial income	61.2	182.8	-66.5%
Income before tax and social contribution (excluding hedge effect)	**6,577.6**	**5,698.7**	**15.4%**
Income and social contribution taxes	(1,799.2)	(1,365.1)	31.8%
(+/-) Effects of the hedge on income and social contribution taxes	(61.2)	(182.8)	-66.5%
Adjusted income and social contribution taxes (excluding the effects of the hedge)	**(1,860.5)**	**(1,547.9)**	**20.2%**
Effective Rate on Income Before Adjusted Income Tax and Social Contribution (excluding hedging effects) - (B) / (A)	**28.3%**	**27.2%**	**+11.2 bps**

Income tax and social contribution

Income tax and social contribution totaled R$1,799.2 million in 2021 and was impacted by the payment of interest on capital (IoC) in the amount of R$1,083.3 million. Current tax totaled R$1,009.5 million, R$76.9 million of which will affect cash flow. Deferred income tax and social contribution line was R$789.7 million, with no cash impact, mainly consisting of temporary difference of tax amortizations of goodwill in 2021, in the amount of R$478.5 million, and R$311.2 million in tax credits constitution. It is worth noting that the use of the tax benefit of amortization of goodwill from the combination between BM&FBovespa and Cetip (R$119.6 million per quarter) ends by 2Q22, with no further impact on deferred tax after this period.

In addition, the income tax and social contribution line was also impacted by the hedge structure, as mentioned above in the financial result.

Net Income

Net income attributed to B3's shareholders was R$4,717.1 million, up by 13.6%, reflecting B3's positive operating performance across all business lines in 2021.

Adjustments to net income

(In R$ millions)	2021	2020	2021/2020 (%)
Net income (attributable to shareholders)	**4,717.1**	**4,152.3**	13.6%
(+) Reversal of non-recurring provisions	(69.6)	(338.7)	-79.5%
(+) Recovery of non-recurring expenses	(150.2)	-	-
(+) Tax impacts from non-recurring items	46.9	87.4	-46.4%
(+) Extraordinary employment termination expenses	48.4	-	-
(+) Write-off of projects	17.2	-	-
(+) Extraordinary M&A expenses	12.3	-	-
(+) Impairment	4.1	80.4	-94.9%
(+) Amortization of intangibles (Cetip combination)	461.8	489.9	-5.7%
Recurring net income	**5,087.9**	**4,471.3**	**13.8%**
(+) Deferred Tax (goodwill from Cetip combination)	478.5	478.5	-
Recurring net income adjusted by goodwill tax benefit	**5,566.5**	**4,949.8**	**12.5%**

Note: amounts net of tax calculated at a rate of 34% on the deductible portion.

Excluding the abovementioned non-recurring items, net income would have reached R$5,087.9 million in the year, an increase of 13.8%. Additionally, if adjusted for the tax benefit resulting from amortization of goodwill related to the combination with Cetip, net income would have totaled R$5,566.5 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF DECEMBER 31, 2021

Assets, Liabilities and Shareholders' Equity Accounts

The Company ended the quarter with total assets of R$52.5 billion, up by 13.4% from December 2020. Cash and cash equivalents (current and non-current) totaled R$22.1 billion, reflecting (i) the Company's cash generation throughout the year, and (ii) the increase in the volume of collateral deposited in cash (contra-entry in current liabilities). The cash position includes (i) R$302.3 million in interest on capital paid in January, and (ii) R$789.3 million in dividends regarding 4Q21, to be paid in April.

As for liabilities, B3's gross indebtedness in the end of 4Q21 was R$14.3 billion (77% long term and 23% short term), corresponding to 2.0x the recurring EBITDA for the previous 12 months.

Shareholders' equity in the end of December 2021 was R$22.4 billion, consisting mainly of capital stock of R$12.5 billion and capital reserves of R$8.3 billion (vs. R$9.1 billion in December 2020).

OTHER FINANCIAL INFORMATION

CAPEX

In the year, CAPEX totaled R$432.0 million, which mainly refer to (i) technological upgrades for all segments of B3, (ii) new product developments, and (iii) our headquarters retrofit project (engineering, furniture and technology).

Forecasts for 2022

In December 2021, the Company announced via Material Fact its forecasts of expenses, CAPEX, financial leverage and distribution to shareholders for 2022. In line with the strategy of intensifying expansion and growth efforts through new products and services in the Core Business and in new business fronts besides the Core, B3 changed the disclosure of its forecasts to reflect this strategy, breaking down disbursements in "core business" and "new businesses and initiatives":

Disbursements

- Adjusted expenses – Core business: R$1,280 – R$1,380 million (R$1,195 million in 2021);
- Investments – Core business: R$200 – R$250 million (R$327 million in 2021);
- Expenses + Investments – New business: R$380 – R$440 million (R$266 million in 2021);
- Revenue-linked expenses: R$225 – R$265 million (R$258 million in 2021)

Others

- Depreciation and amortization (includes amortization of intangibles and goodwill): R$990 – R$1,045 million (R$957 million in 2021)
- Financial Leverage (Gross Debt / Recurring EBITDA for the last 12 months): 1.6x (2.0x in 2021)
- Distributions to shareholders: 110% - 140% (127% in 2021)

Distributions to shareholders

Distributions to shareholders for the year 2021 totaled R$6,005 million (R$1,083 million in IoC, R$3,634 million in dividends and R$1,288 in shares buyback). As a result, B3's payout ratio for the year was 127%.

CORPORATE GOVERNANCE AND RISK MANAGEMENT

B3 has a solid set of corporate governance practices in place that demonstrate its commitment to shareholders, to the other market players and to other stakeholders.

The importance of best practices in governance to B3's long-term success becomes even greater when its diluted capital structure is considered, as there is no controlling shareholder or group of shareholders, and also by virtue of its institutional responsibility for the developments of the markets it operates.

Internal Audit

The internal audit has the mission of providing the board of directors, the audit committee and the executive board with independent, unbiased and timely assessments, advice and insights into the effectiveness of B3's risk management and governance processes, the adequacy of its controls and its compliance with the rules and regulations applicable to the Company's and its subsidiaries' operations. Consistent with international best practices and B3's strong risk management culture, the Company has been certified since 2015 by *Atividade de Auditoria Interna*, which recognizes corporations that adhere to the international auditing standards and best practices issued by The Institute of Internal Auditors ("The IIA")

Internal Controls, Compliance and Corporate Risk

By following the BIS (Bank for International Settlements) framework, B3 adopts the 4 lines of defense structure as a governance model and basis for its risk management, with a clear definition of the roles of those responsible for managing, supervising and assessing risks:

1st line of defense – the Business Areas and managers are responsible for establishing, maintaining, promoting and assessing efficient business practices, risk management and adequate and effective internal controls.

2nd line of defense – the Executive Department of Governance and Integrated Management is responsible for defining the methods for assessing and monitoring business risks, the internal control system, as well as for supervising compliance with regulations issued by regulatory bodies, especially CVM and BCB.

3rd line of defense – the Audit Department is responsible for promoting the independent assessment of the activities developed by B3's areas, allowing management to assess the adequacy of controls, the effectiveness of risk management, of governance processes, the adequacy of controls that support the issuance of financial statements and compliance with rules and regulations.

4th line of defense – the independent External Audit, which reviews the Company's financial statements to ensure that there are no material misstatements and that they are prepared in accordance with an appropriate framework; and the regulatory oversight bodies, notably BCB and CVM, which assess whether B3 has the proper infrastructure to carry out its systemic activities and comply with existing rules.

To know more about the Company's main risks, please refer to the Item 4 of the Reference Form.

Central Counterparty Risk - Collateral Administration Management

Transactions carried out in the Listed segment are guaranteed by asset deposits to meet margins. These guarantees can be deposited in cash, government and private bonds, bank letters of guarantee, shares and international bonds, among others. In December 2021, collateral deposited by participants totaled R$501 billion, a volume 10.8% higher than the total deposited at the end of 2020, reflecting the increase in the volume of trades.

PEOPLE

B3 has as one of our values to promote an environment for people to develop. In this context, in 2021, the Company's development actions totaled more than 66 thousand hours of training, in more than 350 topics, with external suppliers, internal facilitators and online course platforms. We break down our development strategy into four pillars of action:

1. "What B3 Wants": B3's institutional knowledge programs with the objective to train B3 employees on topics that are directly linked to the company's strategy, as well as current market skills. In 2021, we totaled more than 19 thousand hours in training, representing an increase of 13% over the previous year.

2. "What the area wants": Technical and specific training defined annually through a process carried out by managers in partnership with the training & development department. In 2021, more than 2,000 employees participated, totaling more than 16 thousand hours in training.

3. "What you want": Soft and hard skills development catalog available to all employees, who are free to choose the course he or she wants to attend according to each one's individual development plan. In 2021, more than 3,000 development actions were carried out, in 240 different themes, an increase of more than 60% compared to 2020.

4. Programs: Development programs for specific audiences, such as the Internship Program, Career Acceleration Program, Young Apprentice Program, Leadership Program.

In 2021, B3 opted for a hybrid working model, which includes in-person and remote work, but extended remote work to up to five times a week, during the harshest periods of the pandemic. The hybrid model will also be adopted in 2022, following some pre-established parameters such as minimum time in-person in the office and in alignment with each one's manager. B3 believes that this model pushes forward productivity and engagement and reinforces the flexibility, adaptability and protagonism of our employees.

In 2021, we consolidated the Performance Management model, implemented in the previous year, which includes the goals and objectives agreed for the year, the core of the job and the values and behaviors expected for all B3 positions with adaptations for teams working with the Agile methodology.

On the Recruitment and Selection fronts, the number of hires grew by 79% compared to 2020, totaling 1,041 in the year. In this same context, we managed to reduce the average timeframe of the selection process by 22%, from 41 to 32 days.

B3 also continues to evolve in Diversity, Equity and Inclusion (DEI). In 2021, the company committed, for the first time, to a corporate goal linked to the representation of minority audiences: women in leadership, black people and people with disabilities. In this context, the company maintains ongoing and already consolidated initiatives - such as the (i) Diversity Centers, (ii) recurring lectures and workshops on the subject, (iii) development for managers and teams, and (iv) joint action with Compliance to ensure a safe environment, free from harassment and discrimination. Additionally, B3 works in new initiatives aimed at equal opportunities in the Company, such as:

• We completed the development and mentorship program for black interns, which started at the end of 2020, where young people were mentored by leaders of the organization and had access to an exclusive platform for the development of a foreign language. More than 20 young people participated, and more than half have already been hired.

• We launched the first Mentorship Program for Women, with the objective of developing the future female leaders of the organization, aiming to increase gender representation in leadership in the coming years. About 30 women in coordination and management positions participated, being mentored by company leaders such as associate directors, officers and vice presidents.

• We offered two classes of the Plural Program (3rd and 4th editions) with more than 30 professionals with disabilities entering the company and having access to an exclusive development track. The 4th class was a specific initiative for IT talents, carried out together with the Gama Academy, which focused on the development of professionals in specific programming languages.

• We revisited our People practices in order to find more inclusive ways to carry out our selection processes. In 2021 we adopted the practice of “hidden CVs” as a way to minimize biases at the time of selection. All of the positions worked with external applicants at B3 currently go through this flow of hiding information such as name, gender, age, residential address, and in some cases, academic training.

B3 understands that it is in also our scope to induce good ESG practices in the market, and this involves encouraging the market to also evolve in practices and themes related to DEI. Among the most important initiatives in that sense in 2021 are:

• We hosted important events and discussions on gender and racial equity, at the “Ring the Bell” events in March and November, respectively, bringing cases, insights and inviting our customers, partners and suppliers to move forward as well.

• We launched the first B3 Diversity and Inclusion Bootcamp, in which we offered a free development track with workshops, guides and follow-up materials to support over 50 participating companies to identify their stage of maturity in the topic and design their strategy for moving forward.

• We celebrated two years of the creation of Be Together – a group that brings together representatives of the financial and capital markets to exchange good practices and advance on gender issues – and launched the first “Be Together” Guide to Good Practices on Gender Equity.

Launched the first class of Training for Black People on the Financial Markets, an exclusive, online and free track, aimed at black people over 18, to learn about personal finance, the financial market and basic concepts of economy. Around 3,000 completed the financial education and will go through a selection process competing for preparatory courses for certifications in the financial market, therefore increasing their chances of employability.

SUSTAINABILITY

In order to leverage B3's strategic objectives and promote a resilient business environment aligned with the best environmental, social and corporate governance (ESG) practices, we have a Sustainability strategy based on three pillars: I) being a Company aligned with the best sustainability practices, II) inducing good ESG practices in the Brazilian market and III) strengthening the current product portfolio and opening new action fronts in the financial market in line with the ESG agenda. In 2021, we made important advances in this strategy:

- In recognition of our social and environmental practices, we maintained our B score on the CDP Climate Change, we were selected for the fifth consecutive year to integrate the FTSE4Good Latin America Sustainability Index of the London Stock Exchange, we remained for the 12th consecutive year in the Carbon Efficient Index (ICO2) of B3 and we were among the finalists of the 23rd Abrasca Annual Report Award and received a mention of honor in our economic and financial analysis.
- We became the first stock exchange in the world to issue a Sustainability Linked Bond (SLB) in the amount of US$700 million, thus committing ourselves financially to meeting sustainability-related goals. The commitments foreseen in the SLB include the creation of a diversity index for the Brazilian market and the increase of women in leadership positions in B3.
- We have advanced with green, social and sustainable bonds that, since 2018, can be identified on the B3 trading environment and which in 2021 totaled 115 instruments – 76 debentures, 26 agribusiness receivables certificates (CRAs), 9 real estate receivables certificates (CRIs) and 4 Closed Fund Shares (CFF), totaling an issue amount of R$30 billion. Regarding the platform for the registration and trading of Decarbonization Credits (CBIOs), more than 30 million CBIOs were issued at B3, of which 24 million were retired to meet the decarbonization target for the year, assumed by Brazil within the scope of the Paris Agreement.
- We launched the new methodology for the Corporate Sustainability Index (ISE B3), which reached a new record of respondents, with 73 companies of the eligible category and another 60 in the Simulated category, totaling 133

participating companies. In January 2022, in partnership with the Great Place to Work (GPTW), we also launched the IGPTW B3 Index, which considers companies certified by GPTW, based on the national ranking.

- Through the volunteering actions promoted by B3 Social, 1,150 employees participated in internal mobilization actions throughout the year. Different forms of action were proposed, from specific actions, such as collection campaigns for acquiring staple baskets, to recurring actions, such as voluntary mentoring for young people seeking to enter the job market.

SELF-REGULATION OF ISSUERS AND PARTICIPANTS

In order to ensure the adherence of issuers to the regulation, the equalization of market practices and isonomy in access to information, B3 acts in the self-regulation of issuers listed on its markets and within the scope of cooperation agreements signed with the CVM for the monitoring of information disclosed by issuers. As a result of this activity, in 2021, more than 25,000 documents released by companies were examined and approximately 1,160 demands were filed for non-adherence to current regulations. In the case of listed funds, more than 12,000 documents were examined, and 192 demands were filed.

In compliance with B3's listing regulations, the market must be informed of how B3 has allocated the funds from the fines imposed within the scope of its enforcement process to activities associated with regulatory and institutional improvement of the securities market. Thus, in relation to system improvements, funds were invested in the use of the FundosNet system, with the inclusion of tax incentive funds and adjustments to the Real Estate Funds annual report (FIIs), in addition to improvements in the EmpresasNet system, including the online functionalities for Quarterly Information, Standardized Financial Statements and Registration Form, and in the delivery of the new Issuers Register system (CEM). Regarding the evolution of the regulatory framework, funds were invested both for contracting studies (for example, regarding SPACs), and for promoting discussions with the market, such as: arising from the approval of the law that regulated the plural voting, as well as guidance on remote voting, SEP/CVM circular letter, EmpresasNet system, among others.

Furthermore, throughout 2021, B3 participated in important actions within the scope of the Capital Markets Initiative (IMK), coordinated by the Ministry of Economy. We contributed to the preparation of amendments to Law 14.195/2021, which enabled the adoption of plural voting in Brazil and regulated the establishment of the book-entry commercial paper (“*nota comercial escritural*”), and we led the preparation of the draft that came to be used as a basis for the inclusion of provisions referring to “smaller companies”, through the Legal Framework for Startups, in Law 6.404/1976, establishing guidelines for the CVM to regulate facilitated conditions for their access to the capital market.

Within the scope of CVM's public hearings, we participated in discussions related to topics such as: unification and reformulation of the regulatory framework of the public offerings for distribution of securities, inclusion of issuers’ environmental, social and corporate governance (ESG) aspects in their Reference Forms, regulation of BDRs, among other measures that seek to promote the access of companies and investors to the capital market.

Finally, within the scope of initiatives related to self-regulation, we provided an additional period of 12 months for companies entering the Novo Mercado to meet certain requirements of the segment. Through a public hearing, we also discussed a proposal to adjust the rules that deal with the minimum levels of liquidity in the Novo Mercado, Level 2 and Level 1 segments, prepared based on a study of international practices.

Complementing the self-regulation applicable to issuers, supervision and inspection of the markets managed by B3 and its participants are carried out with the aim of promoting integrity, transparency and efficiency through BSM Market Supervision (BSM). BSM publishes the results of its work on the website www.bsmsupervisao.com.br/.

EXTERNAL AUDIT

The Company engaged Ernst & Young Auditores Independentes to provide external auditing services for its 2021 financial statements.

The policy for Engaging external audit services by the Company and its subsidiaries is based on internationally accepted principles, which preserve the independence of works of this nature and consist of the following practices: (i) the auditor cannot hold executive and managerial functions in the Company or in the subsidiaries; (ii) the auditor cannot perform operational activities in the Company and in the subsidiaries that may compromise the effectiveness of the audit work; and (iii) the auditor must maintain impartiality – avoiding the existence of conflicts of interest and loss of independence – and objectivity in their opinions and on the financial statements.

During the year ended December 31, 2021, the independent auditors and related parties did not provide other services not related to the external audit.

DECLARATION OF THE EXECUTIVE BOARD

In compliance with the provisions of CVM Instruction No. 480, the Executive Board declares that it has discussed, reviewed and agreed with the financial statements for the fiscal year ended December 31, 2021 and with the opinions expressed in the independent auditors' report.

ADDITIONAL INFORMATION

The focus of this Management Report was B3's performance and main developments in 2021. For additional information about the Company and its market, see the Reference Form available on B3 Investor Relations website (https://ri.b3.com.br/) and on CVM website (www.cvm.gov.br).

ACKNOWLEDGMENT

Finally, the Company wishes to thank its employees for all their efforts during the year, as well as its suppliers, shareholders, financial institutions, customers and other stakeholders for their support in 2021.

São Paulo Corporate Towers
Av. Presidente Juscelino Kubitschek, 1.909
Vila Nova Conceição
04543-011 - São Paulo - SP - Brasil

Tel: +55 11 2573-3000
ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and in Reais (R$).

Independent Auditor's Report on Individual and Consolidated Financial Statements

The Board of Directors and Shareholders of

B3 S.A. - Brasil, Bolsa, Balcão

São Paulo, Brazil

Opinion

We have audited the individual and consolidated financial statements of B3 S.A. - Brasil, Bolsa, Balcão ("B3" or "Company"), identified as B3 and Consolidated, respectively, which comprise the balance sheet as at December 31, 2021, and the statements of income, of comprehensive income, of changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the individual and consolidated financial position of B3 S.A. – Brasil, Bolsa, Balcão at December 31, 2021, and its individual and consolidated financial performance and its cash flows for the year then ended in accordance with accounting practices adopted in Brazil and with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

Basis for Opinion

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

Building a better
working world

Key audit matters

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

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

1. Technology environment

B3 operates in a complex technology environment with multiple systems in operation and a high volume of transactions. Due the fact that the B3's operations are extremely dependent on the proper operation of the technology structure and its systems; we considered the technology environment a key audit matter.

How our audit addressed this matter:

Our audit procedures included, among others, evaluating the design and operational effectiveness of the general technology controls ("ITGC") implemented by the Company for systems considered significant to the audit. The ITGC evaluation included audit procedures to assess controls over logical accesses, change management and other technology aspects. With regard to the audit of logical accesses, we analyzed, on a sample basis, the process for authorizing and granting new users' access, timely removal of access to transferred or terminated employees, and review of users on a regular basis.

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

In the processes considered significant for the financial statements, we identified the main automated or technology dependent controls, so that, on a sample basis, we could perform tests focused on the design and operational effectiveness of such controls. In addition, we evaluated whether business continuity guidelines follow market standards and whether the incidents reported throughout the year were referred to the Business Continuity Committee.

We involved our technology professionals in performing these procedures.

Our procedures performed in the design and operation of ITGC, as well as of automated controls and technology dependent controls, deemed significant in the audit process, provided us with a basis for planning the nature, timing and extent of our substantive audit procedures. The results obtained are considered appropriate in forming an opinion on the financial statements taken as a whole.

2. Role of central counterparty and guarantor in the market

B3 is a vertically integrated multi-asset and multi-market stock exchange, a model where a single agent is responsible for all phases of the market's trading and post-trading process. Accordingly, the Company operates as an asset central depository, clearing and settlement house and central counterparty. In its role of central counterparty and guarantor, B3 becomes, for settlement purposes, buyer of all sellers and seller for all buyers. This requires B3 to establish mechanisms to fully and partially estimate and hedge losses, if any, arising from non-settlement of one or more participants and to maintain financial investments in highly-liquid assets with low exposure to market and credit risk.

As at December 31, 2021, B3 has R$501,701,866 thousand in collaterals deposited by participants, as described in the financial statement, note 14, which was considered appropriate in forming an opinion on the financial statements taken as a whole. We consider this to be a key audit matter due to the amounts involved and the Company's role as Financial Market Infrastructure.

How our audit addressed this matter:

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

Considering the methodology used by B3, we performed an independent recalculation of the margin required in certain scenarios and periods, and also recalculated the allocations of collaterals. We checked the reconciliation of information disclosed in the explanatory information with the operational system's reports as at December 31, 2021, in addition to checking the custody statements for a sample of assets and carrying out external confirmation, by means of a sample, of the positions deposited as guarantees with market participants.

We involved our subject matter experts in risk management and controls in performing these procedures.

The results of our audit procedures on the test of collaterals deposited by market participants were consistent with those assessed and disclosed by management, according to the financial statement, note 14 and were considered appropriate in forming an opinion on the financial statements taken as a whole.

3. Goodwill impairment tests of Bovespa Holding S.A. and CETIP S.A. - Mercados Organizados

The Company has R$22,338,799 thousand recorded in its statement of financial position referring to goodwill generated on the acquisitions of Bovespa Holding S.A. and CETIP S.A. - Mercados Organizados.

The goodwill impairment test involves significant judgment in determining the assumptions used in the cash flow projections, including growth and discount rates. Due to the significance of the amounts involved, misstatements, if any, in determining the recoverable amounts of goodwill recorded, may result in a significant impact on the financial statements. Accordingly, this issue was considered a key audit matter.

How our audit addressed this matter:

Our audit procedures included, among others, the analysis of the methodology and models used by management in evaluating goodwill, including the definition of assumptions that support the cash flow projections considered in the impairment tests of these assets. We evaluated the consistency of data used against market prospects. We performed an independent discount rate calculation, using our market premium, comparable companies' beta and country risk assumptions, among others. We involved our valuation subject matter experts in these procedures.

We compared the assertiveness of projections made by management in prior periods in relation to the performance achieved by B3. We analyzed the behavior of the key assumptions adopted under stress scenarios, in order to anticipate the sensitivities of the methodology as well as the analysis made by the Company regarding the impacts generated by the current social and economic scenario resulting from the Covid-19 pandemic on its future income projections.

In addition, we also crosschecked the recoverable amount determined based on the discounted cash flows, per cash-generating unit, with the respective carrying amount of goodwill and assessed the adequacy of the disclosures made in Note 8 to the financial statements.

Based on the audit procedures performed in relation to goodwill impairment tests prepared by Company management, and on the audit evidence obtained that supports our tests, including our sensitivity analyses, we consider that goodwill impairment assessments, prepared by the Company, as well as the respective disclosures, are appropriate, in the context of the financial statements taken as a whole.

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

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

The assignment of the likelihood of loss to the lawsuits involves a high degree of subjectivity on the part of the legal advisors in charge of the defense, as well as on the part of B3 management, and take into consideration, among others, aspects related to the existence of case law, recurrence of the demands presented and measurement of future disbursements, if any.

Due to the significant, complexity and judgment involved in the assessment, definition of the timing for recognition, measurement and disclosures related to tax, civil and labor contingencies, we considered this matter to be significant to the audit process.

How our audit addressed this matter:

Our audit procedures included, among others, obtaining letters of confirmation regarding ongoing lawsuits, directly from the Company's legal advisors for December 31, 2021, and crosschecking the likelihood of loss and amounts attributed against operational controls and accounting records.

For the most significant lawsuits, we tested the calculation of amounts recorded and disclosed and evaluated the likelihood in relation to well-known case law and legal theses. We involved our subject matter experts of Taxes in performing these procedures.

We also analyzed communications received from regulators related to lawsuits, assessments and disputes to which the Company is a party, and the sufficiency of disclosures related to issues arising from contingencies and provisions recorded.

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

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

Other matters

Statements of value added

The individual and consolidated statements of value added (SVA) for year ended December 31, 2021, prepared under the responsibility of Company management, and presented as supplementary information for purposes of IFRS, were submitted to audit procedures conducted together with the audit of the Company's financial statements. To form our opinion, we evaluated if these statements are reconciled to the financial statements and accounting records, as applicable, and if their form and content comply with the criteria defined in Accounting Pronouncement NBC TG 09 - Statement of Value Added. In our opinion, these statements of value added were prepared fairly, in all material respects, in accordance with the criteria defined in abovementioned accounting pronouncement and are consistent in relation to the overall individual and consolidated financial statements.

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

Management is responsible for such other information, which comprise the Management Report.

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

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

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

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

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

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

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

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

As part of an audit in accordance with Brazilian and International Standards on Auditing, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the individual and consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and its subsidiaries' internal control.

- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the corresponding transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have been identified during our audit.

We also provided those charged with governance with a statement that we have complied with relevant ethical requirements, including those regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

São Paulo, March 17, 2022.

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

Flávio Serpejante Peppe
Partner

A free translation from Portuguese into English of Independent Auditor's Report on individual and consolidated financial statements prepared in accordance with accounting practices adopted in Brazil and in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and in Reais (R$).

B3 S.A. - Brasil, Bolsa, Balcão

Balance sheet

At December 31, 2021 and 2020

(In thousands of reais)

		B3		Consolidated	
Assets	**Notes**	**2021**	**2020**	**2021**	**2020**
Current assets		**19,676,516**	**15,791,971**	**21,080,155**	**17,086,412**
Cash and cash equivalents	4(a)	2,363,517	1,304,718	2,560,516	1,438,420
Financial investments	4(b)	15,472,034	12,882,150	16,573,301	14,003,987
Derivative financial instruments	4(c)	3,553	64,900	3,553	64,900
Accounts receivable	5	397,974	403,225	436,258	412,116
Taxes recoverable	16(d)	1,285,468	994,777	1,334,559	1,010,296
Prepaid expenses		129,046	118,157	133,380	120,295
Other receivables		24,924	24,044	38,588	36,398
Noncurrent assets available to sell		**14,878**	**14,878**	**14,878**	**14,878**
Noncurrent assets		**33,734,856**	**31,173,377**	**31,436,736**	**29,231,493**
Long-term receivables		**3,089,781**	**2,484,973**	**3,251,443**	**2,690,449**
Financial investments	4(b)	2,815,257	2,203,418	2.962.268	2,408,519
Derivative financial instruments		-	210	-	210
Judicial deposits	11(g)	248,831	266,787	263,325	267,158
Prepaid expenses		25,693	14,558	25,850	14,562
Investments		**4,998,502**	**2,324,846**	**651,036**	**48,070**
Interest held in subsidiaries and associate	6(b)	4,998,502	2,324,846	629,509	25,025
Investment properties	6(c)	-	-	21,527	23,045
Property and equipment	7	**877,040**	**790,925**	**903,837**	**808,894**
Intangible assets	8	**24,769,533**	**25,572,633**	**26,630,420**	**25,684,080**
Total assets		**53,426,250**	**46,980,226**	**52,531,769**	**46,332,783**

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Balance sheet
At December 31, 2021 and 2020
(In thousands of reais)

Liabilities and equity	Notes	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
Current liabilities		**11,508,226**	**8,680,928**	**12,958,993**	**9,678,085**
Collateral for transactions	14	6,357,430	5,695,723	6,357,430	5,695,723
Earnings and rights on securities in custody	21(c)	97,357	75,597	97,357	75,597
Suppliers		202,865	212,501	218,438	220,528
Salaries and social charges	21(a)	384,536	423,108	428,735	437,310
Taxes and contributions payable	21(b)	1,113,081	746,025	1,169,376	763,386
Loans and financing	9	2,659,720	94,629	3,204,429	79,401
Derivative financial instruments	4(c)	69,831	9,298	69,831	9,298
Dividends and interest on equity payable		270,862	1,101,477	270,862	1,101,477
Revenues to be allocated		64,413	58,830	64,413	58,830
Other liabilities	10	288,131	263,740	1,078,122	1,236,535
Noncurrent liabilities		**19,510,119**	**13,789,347**	**17,153,406**	**12,133,274**
Loans and financing	9	13,330,051	8,638,035	10,994,211	6,980,365
Deferred income tax and social contribution	16(a)	5,152,965	4,533,575	5,110,484	4,529,334
Provisions for tax, civil, labor and other contingencies	11(e)	435,259	530,741	456,332	535,864
Derivative financial instruments	4(c)	43,675	-	43,675	-
Revenues to be allocated		64,653	60,258	64,653	60,258
Other liabilities	10	483,516	26,738	484,051	27,453
Equity	12	**22,407,905**	**24,509,951**	**22,419,370**	**24,521,424**
Capital and reserves attributable shareholders of B3					
Capital		12,548,655	12,548,655	12,548,655	12,548,655
Capital reserve		8,341,257	9,097,646	8,341,257	9,097,646
Revaluation reserves		16,673	17,259	16,673	17,259
Income reserves		1,737,922	1,696,038	1,737,922	1,696,038
Treasury shares		(801,729)	(916,632)	(801,729)	(916,632)
Other comprehensive income		(224,168)	78,773	(224,168)	78,773
Proposed additional dividends		789,295	1,988,212	789,295	1,988,212
		22,407,905	24,509,951	22,407,905	24,509,951
Non-controlling interests		**-**	**-**	**11,465**	**11,473**
Total liabilities and equity		**53,426,250**	**46,980,226**	**52,531,769**	**46,332,783**

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of income
Years ended December 31, 2021 and 2020
(In thousands of reais, unless otherwise stated)

		B3		Consolidated	
	Notes	2021	2020	2021	2020
Net Revenues	17	**9,005,982**	**8,227,102**	**9,248,244**	**8,382,575**
Expenses		**(2,754,541)**	**(2,579,487)**	**(2,927,557)**	**(2,702,146)**
General and administrative					
Personnel and charges		(935,116)	(789,773)	(1,000,487)	(852,825)
Data processing		(340,001)	(251,256)	(358,449)	(266,675)
Depreciation and amortization	6(c), 7 and 8	(1,036,085)	(1,026,547)	(1,057,150)	(1,041,301)
Revenue-linked expense		(204,817)	(175,933)	(257,699)	(191,789)
Third-party services		(68,756)	(73,965)	(75,730)	(78,558)
Maintenance in general		(18,957)	(19,163)	(22,879)	(23,011)
Promotion and publicity		(21,613)	(20,996)	(23,472)	(21,819)
Taxes and charges		(9,409)	(9,101)	(13,018)	(11,073)
Board and committee members		(13,596)	(12,998)	(13,684)	(13,102)
Sundry expenses	18	(106,191)	(199,755)	(104,989)	(201,993)
Impairment of assets	8	**(4,114)**	**(80,385)**	**(4,114)**	**(80,385)**
Equity pickup	6(b)	**244,773**	**476,157**	**4,411**	**2,365**
Financial result	19	**(18,192)**	**(555,012)**	**195,347**	**(86,559)**
Financial income		901,440	360,422	924,922	373,112
Financial expenses		(738,596)	(367,627)	(684,920)	(302,485)
Net exchange rate variations		(181,036)	(547,807)	(44,655)	(157,186)
Income before income taxes		**6,473,908**	**5,488,375**	**6,516,331**	**5,515,850**
Income tax and social contribution	16(c)	**(1,756,811)**	**(1,336,071)**	**(1,799,242)**	**(1,365,135)**
Current		(958,638)	(596,646)	(1,009,518)	(633,851)
Deferred		(798,173)	(739,425)	(789,724)	(731,284)
Net income for the years		**4,717,097**	**4,152,304**	**4,717,089**	**4,150,715**
Attributable to:					
Shareholders of B3		4,717,097	4,152,304	4,717,097	4,152,304
Non-controlling interests		-	-	(8)	(1,589)
Earnings per share attributable to shareholders of B3 (in R$ per share)	12(g)				
Basic earnings per share				0.775562	0.677539
Diluted earnings per share				0.773845	0.675694

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of comprehensive income
Years ended December 31, 2021 and 2020
(In thousands of reais)

	B3		Consolidated	
	2021	2020	2021	2020
Net income for the years	**4,717,097**	**4,152,304**	**4,717,089**	**4,150,715**
Other comprehensive income to be reclassified to P&L for the year in subsequent years	**(258,230)**	**11,366**	**(258,230)**	**11,366**
Exchange rate variation on investment in foreign subsidiary	**-**	**-**	**4,658**	**11,461**
Exchange rate variation on investment in foreign subsidiary	**-**	**-**	**4,658**	**11,461**
Cash flow hedge effects, net taxes	**(172,941)**	**1,240**	**(172,941)**	**1,240**
Amount of cash flow hedging instruments	(203,465)	66,437	(203,465)	66,437
Transfer to cash flow hedging instrument to income	30,524	(65,197)	30,524	(65,197)
Net investment hedging instruments abroad effects, net of taxes	**(1,729)**	**-**	**(1,729)**	**-**
Amount of hedging instruments	(1,729)	-	(1,729)	-
Market to market of financial assets, net of taxes	**(88,447)**	**(980)**	**(88,218)**	**(1,335)**
Market to market of financial assets	(88,447)	(980)	(88,218)	(1,335)
Equity pickup on other comprehensive income of subsidiaries	**4,887**	**11,106**	**-**	**-**
Translation adjustments of subsidiary	4,658	11,461	-	-
Other comprehensive income of subsidiary	229	(355)	-	-
Other comprehensive income not reclassified to P&L in subsequent periods, net of taxes	**(44,711)**	**24,511**	**(44,711)**	**24,511**
Result with equity instruments	**(44,711)**	**24,511**	**(44,711)**	**24,511**
Effect of cash flow hedge	18,392	(66,116)	18,392	(66,116)
Market to market of equity instruments	(15,658)	47,847	(15,658)	47,847
Exchange rate variation on financial assets	(8,006)	51,296	(8,006)	51,296
Transfer of income from the sale of equity instruments, net of hedging and taxes, to retained earnings	(39,439)	(8,516)	(39,439)	(8,516)
Total other comprehensive income	**(302,941)**	**35,877**	**(302,941)**	**35,877**
Total comprehensive income for the years	**4,414,156**	**4,188,181**	**4,414,148**	**4,186,592**
Attributable to:	**4,414,156**	**4,188,181**	**4,414,148**	**4,186,592**
Shareholders of B3	4,414,156	4,188,181	4,414,156	4,188,181
Non-controlling interests	-	-	(8)	(1,589)

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão
Statement of changes in equity
Years ended December 31, 2021 and 2020
(In thousands of reais)

		Attributable to shareholders of B3											
					Income reserves (Note 12(e))								
	Notes	Capital	Capital reserve	Revaluation reserves (Note 12(c))	Legal reserve	Statutory reserve	Treasury shares (Note 12(b))	Other comprehensive income	Proposed additional dividends	Retained earnings	Total	Non-controlling interests	Total equity
Balances at December 31, 2019		**3,548,655**	**18,104,738**	**17,845**	**3,453**	**2,872,786**	**(196,619)**	**42,896**	**994,247**	**-**	**25,388,001**	**13,232**	**25,401,233**
Net income for the year		-	-	-	-	-	-	-	-	4,152,304	4,152,304	(1,589)	4,150,715
Other comprehensive incomes:													
Exchange rate variation on investment in foreign subsidiary		-	-	-	-	-	-	11,461	-	-	11,461	-	11,461
Cash flow hedge instruments effect, net of taxes		-	-	-	-	-	-	1,240	-	-	1,240	-	1,240
Market to market of financial instruments, net of taxes		-	-	-	-	-	-	(1,335)	-	-	(1,335)	-	(1,335)
Result with equity instruments, net of taxes		-	-	-	-	-	-	24,511	-	-	24,511	-	24,511
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**35,877**	**-**	**4,152,304**	**4,188,181**	**(1,589)**	**4,186,592**
Capital increase		9,000,000	(9,000,000)	-	-	-	-	-	-	-	-	-	-
Share buyback	12(b)	-	-	-	-	-	(798,185)	-	-	-	(798,185)	-	(798,185)
Realization of revaluation reserves - subsidiaries		-	-	(586)	-	-	-	-	-	586	-	-	-
Transfer of treasury shares - stock grant plan	15(a)	-	(78,172)	-	-	-	78,172	-	-	-	-	-	-
Recognition of stock grant plan	15(a)	-	78,178	-	-	-		-	-	-	78,178	-	78,178
Non-controlling interests of BLK		-	-	-	-	-	-	-	-	-	-	(170)	(170)
Acquisition of non-controlling interest in BLK		-	(7,098)	-	-	-	-	-	-	-	(7,098)	-	(7,098)
Resulting from the sale of equity instruments		-	-	-	-	-	-	-	-	8,516	8,516	-	8,516
Other equity changes		-	-	-	-	-	-	-	-	395	395	-	395
Approval/payment of dividends		-	-	-	-	-	-	-	(994,247)	-	(994,247)	-	(994,247)
Proposed additional dividend	12(f)	-	-	-	-	(1,180,201)	-	-	1,189,698	(9,497)	-	-	-
Allocations of profit:	12(f)												
Dividends		-	-	-	-	-	-	-	798,514	(2,958,439)	(2,159,925)	-	(2,159,925)
Interest on Equity		-	-	-	-	-	-	-	-	(1,193,865)	(1,193,865)	-	(1,193,865)
Balances at December 31, 2020		**12,548,655**	**9,097,646**	**17,259**	**3,453**	**1,692,585**	**(916,632)**	**78,773**	**1,988,212**	**-**	**24,509,951**	**11,473**	**24,521,424**

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of changes in equity

Years ended December 31, 2021 and 2020

(In thousands of reais)

	Notes	Attributable to shareholders of B3										Non-controlling interests	Total equity
					Income reserves (Note 12(e))								
		Capital	Capital reserve	Revaluation reserves (Note 12(c))	Legal reserve	Statutory reserve	Treasury shares (Note 12(b))	Other comprehensive income	Proposed additional dividends	Retained earnings	Total		
Balances at December 31, 2020		**12,548,655**	**9,097,646**	**17,259**	**3,453**	**1,692,585**	**(916,632)**	**78,773**	**1,988,212**	**-**	**24,509,951**	**11,473**	**24,521,424**
Net income for the year		-	-	-	-	-	-	-	-	4,717,097	4,717,097	(8)	4,717,089
Other comprehensive incomes:													
Exchange rate variation on investment in foreign subsidiary		-	-	-	-	-	-	4,658	-	-	4,658	-	4,658
Cash flow hedge instruments effect, net of taxes		-	-	-	-	-	-	(172,941)	-	-	(172,941)	-	(172,941)
Net foreign investment hedge effects, net of taxes		-	-	-	-	-	-	(1,729)	-	-	(1,729)	-	(1,729)
Market to market of financial instruments, net of taxes		-	-	-	-	-	-	(88,218)	-	-	(88,218)	-	(88,218)
Result with equity instruments, net of taxes		-	-	-	-	-	-	(44,711)	-	-	(44,711)	-	(44,711)
Total comprehensive income		**-**	**-**	**-**	**-**	**-**	**-**	**(302,941)**	**-**	**4,717,097**	**4,414,156**	**(8)**	**4,414,148**
Share buyback	12(b)	-	-	-	-	-	(729,443)	-	-	-	(729,443)	-	(729,443)
Cancellation of treasury shares	12(b)	-	(702,355)	-	-	-	702,355	-	-	-	-	-	-
Realization of revaluation reserves - subsidiaries		-	-	(586)	-	-	-	-	-	586	-	-	-
Transfer of treasury shares - stock grant plan	15(a)	-	(141,991)	-	-	-	141,991	-	-	-	-	-	-
Recognition of stock grant plan	15(a)	-	89,695	-	-	-	-	-	-	-	89,695	-	89,695
Income tax - stock grant plan		-	(1,738)	-	-	-	-	-	-	-	(1,738)	-	(1,738)
Resulting from the sale of equity instruments		-	-	-	-	-	-	-	-	39.439	39,439	-	39,439
Other equity changes		-	-	-	-	-	-	-	-	1,859	1,859	-	1,859
Approval/payment of dividends		-	-	-	-	-	-	-	(1,988,212)	-	(1,988,212)	-	(1,988,212)
Proposed additional dividend		-	-	-	-	-	-	-	-	-	-	-	-
Allocations of profit:													
Dividends	12(f)	-	-	-	-	-	-	-	789,295	(3,633,797)	(2,844,502)	-	(2,844,502)
Interest on Equity	12(f)	-	-	-	-	-	-	-	-	(1,083,300)	(1,083,300)	-	(1,083,300)
Constitution of statutory reserves		-	-	-	-	41,884	-	-	-	(41,884)	-	-	-
Balances at December 31, 2021		**12,548,655**	**8,341,257**	**16,673**	**3,453**	**1,734,469**	**(801,729)**	**(224,168)**	**789,295**	**-**	**22,407,905**	**11,465**	**22,419,370**

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of cash flow

Years ended December 31, 2021 and 2020

(In thousands of reais)

	Notes	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
Cash flow from operating activities					
Net income for the years		**4,717,097**	**4,152,304**	**4,717,089**	**4,150,715**
Adjustments for:					
Depreciation and amortization	6(c), 7 and 8	1,036,085	1,026,547	1,057,150	1,041,301
Impairment of assets	8	4,114	80,385	4,114	80,385
Deferred income tax and social contribution	16(a)	798,173	739,425	789,724	731,284
Equity pick-up	6(b)	(244,773)	(476,157)	(4,411)	(2,365)
Stock grant plan expenses	15(a)	86,560	75,079	89,695	78,178
Interest expenses	19	658,731	330,258	596,751	259,381
Provision for tax, civil and labor contingencies		(47,360)	(178,306)	(45,428)	(176,929)
Derivative financial instruments		27,019	(906,207)	27,019	(906,207)
Exchange rate variation - fair value hedge	9	-	806,249	-	806,249
Exchange rate variation - loans taken	9	180,113	537,670	57,570	174,900
Exchange rate variation of judicial deposits		(7,747)	(5,766)	(7,792)	(5,787)
Other		53,994	39,188	61,379	50,513
Adjusted Net Income		**7,262,006**	**6,220,669**	**7,342,860**	**6,281,618**
Decrease (increase) in assets					
Financial investments		(4,605,396)	(5,927,445)	(4,500,510)	(6,400,338)
Taxes recoverable and prepaid		523,222	45,407	499,640	55,129
Accounts receivable		(935)	(80,095)	8,610	(80,540)
Other receivlables		626	(6,541)	10,268	29,276
Prepaid expenses		(22,024)	(15,915)	(23,325)	(17,557)
Judicial deposits		25,703	13,612	25,643	13,619
Increase (decrease) in liabilities					
Collateral for transactions		661,707	2,682,276	661,707	2,682,276
Earnings and right on securities in custody		21,760	5,700	21,760	5,700
Suppliers		(9,636)	34,471	(8,638)	36,057
Taxes and contribuitions payable		349,476	417,540	394,721	422,259
Salaries and social charges		(38,572)	29,246	(17,006)	34,718
Other liabilities		(63,857)	65,916	(293,444)	433,143
Revenues to be allocated		9,978	8,649	9,904	8,649
Provision for tax, civil, and labor contingencies		(48,122)	(157,252)	(48,122)	(157,417)
Cash from operating activities		**4,065,936**	**3,336,238**	**4,084,068**	**3,346,592**
Payment of income tax and social contribuition		(855,072)	(575,465)	(870,345)	(593,509)
Net cash from operating activities		**3,210,864**	**2,760,773**	**3,213,723**	**2,753,083**
Cash flow from investing activities					
Disposal of property and equipment		1,157	287	973	323
Purchase of property and equipment	7	(181,851)	(212,420)	(187,732)	(222,435)
Dividends and interest on equity received		36,770	46,312	-	-
Settlement of derivative financial instrument		45,967	(23,165)	45,967	(23,165)
Subsidiary capital increase	6(b)	(76,639)	(55,930)	-	-
Purchase and development of software	8	(157,467)	(206,894)	(193,178)	(220,334)
Acquisition of subsidiary	6	(1,867,920)	(5,331)	(1,868,084)	(5,331)
Acquisition of non-controlling interest in BLK		-	(7,076)	-	(7,076)
Cash effect - acquisition of subsidiary		-	-	1,200	2
Net cash used in investing activities		**(2,199,983)**	**(464,217)**	**(2,200,854)**	**(478,016)**
Cash flow from financing activities					
Share buyback	12(b)	(729,443)	(798,185)	(729,443)	(798,185)
Debentures issue/loans taken	9	6,733,240	5,005,000	6,733,240	5,005,000
Cost of debentures/loans taken out	9	(38,237)	(33,677)	(38,237)	(33,677)
Amortization of principal and interest on loans	9	(448,179)	(3,594,570)	(386,870)	(3,541,478)
Settlement of derivative financial instruments		6,503	1,142,493	6,503	1,142,493
Payment of interest on equity		(6,705,127)	(3,884,422)	(6,705,127)	(3,884,422)
Net cash used in financing activities		**(1,181,243)**	**(2,163,361)**	**(1,119,934)**	**(2,110,269)**
Net (decrease) increase in cash and cash equivalents		**(170,362)**	**133,195**	**(107,065)**	**164,798**
Balance of cash and cash equivalents at beginning of year	4(a)	271,075	137,880	404,777	239,979
Balance of cash and cash equivalents at end of year	4(a)	100,713	271,075	297,712	404,777

See accompanying notes.

B3 S.A. - Brasil, Bolsa, Balcão

Statement of value added

Years ended December 31, 2021 and 2020

(In thousands of reais)

	Notes	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
1 – Revenues		**10,158,074**	**9,292,367**	**10,435,032**	**9,463,674**
Registration, trading, clearance and settlement system	17	8,558,188	7,817,781	8,716,906	7,914,113
Technology, data and services	17	1,280,021	1,063,355	1,387,034	1,134,224
Reversal of provision	17	184,036	277,283	184,184	279,058
Constitution/reversal of estimated losses on credits	5	(2,282)	(6,265)	(2,341)	(6,382)
Revenue related to the construction of assets for use		138,111	140,213	149,249	142,661
2 - Goods and services acquired from third parties		**851,727**	**904,342**	**937,456**	**947,002**
Data processing		340,001	251,256	358,449	266,675
Linked to revenues		204,817	175,933	257,699	191,789
Third party services		68,756	73,965	75,730	78,558
General maintenance		18,957	19,163	22,879	23,011
Marketing		21,613	20,996	23,472	21,819
Sundry expenses		103,909	193,490	102,648	195,611
Third party and other services used in the construction of assets for use		89,560	89,154	92,465	89,154
Impairment of assets		4,114	80,385	4,114	80,385
3 - Gross value added (1-2)		**9,306,347**	**8,388,025**	**9,497,576**	**8,516,672**
4 - Retentions		**1,036,085**	**1,026,547**	**1,057,150**	**1,041,301**
Depreciation and amortization	6(c), 7 and 8	1,036,085	1,026,547	1,057,150	1,041,301
5 - Net value added produced by the Company (3-4)		**8,270,262**	**7,361,478**	**8,440,426**	**7,475,371**
6 - Value added received in transfer		**1,146,213**	**836,579**	**929,333**	**375,477**
Equity pickup	6(b)	244,773	476,157	4,411	2,365
Financial income	19	901,440	360,422	924,922	373,112
7 - Total value added to be distributed (5+6)		**9,416,475**	**8,198,057**	**9,369,759**	**7,850,848**
8 - Distribution of value added		**9,416,475**	**8,198,057**	**9,369,759**	**7,850,848**
Personnel and charges		935,116	789,773	1,000,487	852,825
Personnel and charges used in the construction of assets		48,551	51,059	56,784	53,507
Board and committee members' compensation		13,596	12,998	13,684	13,102
Taxes, charges and contributions (*)					
Federal		2,619,621	2,124,870	2,680,355	2,164,285
Municipal		162,862	151,619	171,785	156,743
Financial expenses and net exchange rate variation	19	919,632	915,434	729,575	459,671
Interest on equity and dividends	12 (f)	3,927,802	3,353,790	3,927,802	3,353,790
Proposed additional dividends		789,295	798,514	789,295	798,514
Net loss for the years - non-controlling interests		-	-	(8)	(1,589)

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

See accompanying notes.

1. Operations

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

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

- Management of organized securities markets, ensuring the organization, operation and development of free markets open to negotiation of any types of securities or contracts based on or backed by financial assets, indices, indicators, rates, goods, currencies, energy products, transportation products, commodities, and other assets or rights related or not thereto, for spot or future settlement;

- Maintenance of environment or systems appropriate for conducting purchases and sales, auctions and operations involving securities, notes, rights and financial assets or not, in the exchange market and organized OTC market;

- Provision of registration, clearing, and physical and financial settlement services, by means of an internal facility or entity especially organized for this purpose, which may or may not act as central counterparty and guarantor of final settlement, under the terms of legislation currently in force and their internal regulations, including, but not limited to: (a) of the operations carried out and/or registered in any of the environments or systems listed in the items above; or (b) operations carried out and/or registered on other stock exchanges, markets or trading systems;

- Provision of services of registrar and a central depositary of financial assets, securities and any assets, as well as the provision of asset custody services;

- Provision of services to effect the registration of liens and encumbrances on securities, notes, assets, financial or not and other financial instruments, including registration of instruments constituting collateral, in compliance with the applicable rules and regulations;

- Provision of services associated with the insurance, reinsurance, pension plan and certificate accounts with lottery prizes market, including through the licensing and operation of information technology systems, in accordance with the applicable regulation;

- The construction of a database and related activities including data processing and intelligence;

- Provision of services relating to processed data that involves matters of interest to B3 and the players of markets in which it directly or indirectly operates, including, but not limited to, standardization, classification, analysis, quotations, statistics, professional training, studies, publications, information, provision of information, including to comply with current legislation and regulations, library, as well as development, licensing, operation, and technical support relating to software and information technology systems and platforms;

- Provision of services relating to (i) transactions registered in the markets and systems managed by B3, and (ii) support to credit, financing and lease transactions, or to transactions registered in systems managed by B3 and other related markets and segments, including through the licensing and operation of information technology systems and platforms involving sectors such as: automotive, real estate, energy, agribusiness, insurance, reinsurance, pension plan, certificate accounts with lottery prizes, and consortia, in accordance with the applicable regulation;

- Provision of technical, administrative and management support for the purposes of market development, including, but not limited to, services auxiliary to customer reviews and procedures to prevent money laundering;

- Exercise of educational, promotional and publishing activities relating to its corporate purpose and the markets managed by B3;

- Other activities authorized by the Brazilian SEC (CVM) or Central Bank of Brazil (BCB), which B3 Board of Directors considers to further the interests of participants in the markets managed by B3 and to contribute to their development and health; and

- Holding interest in other companies or associations based in Brazil or abroad, as a member, partner or shareholder, albeit not necessarily as controlling shareholder, provided their core activities are those expressly mentioned in the Company's Articles of Association or the Board of Directors regards such participation as furthering the interests of participants in the markets managed by B3 and contributing to their development and health.

Concomitantly, B3:

- Organizes, develops and provides for the operation of free and open securities markets, for spot and future settlement. Its activities are carried out through its trading systems and clearing houses, and include transactions involving securities, interbank foreign exchange and securities under custody in the Special System for Settlement and Custody (Selic);

- Manages organized over-the-counter markets, that is, trading and registration of securities, public and private fixed income securities and over-the-counter derivatives. It is a systemically important clearing and settlement house, under the terms defined by the Brazilian Payments System legislation (Law No. 10214), which keeps written custody of assets and contracts, registers transactions performed in the over-the-counter market, processes financial settlements and offers the market an electronic platform for performing various types of online transactions, such as auctions and trading of public, private and fixed income securities;

- Develops technology solutions and maintains high performance systems, providing its customers with security, agility, innovation and cost effectiveness. The success of its activities depends on the ongoing improvement, enhancement and integration of its trading and settlement platforms and its ability to develop and license leading-edge technologies required for the good performance of its operations; and

- Provides information on additions and eliminations of financial restrictions related to vehicle financing transactions, with an integrated nation-wide electronic system, providing critical infrastructure to the vehicle financing market.

In 2021, B3 acquired a corporate interest in Dimensa S.A. (Dimensa) (formerly TFS Soluções em Software S.A.), now holds 37.5% in its capital, and Neoway Tecnologia Integrada Assessoria e Negócios S.A. (Neoway), now holds 100% of Neoway´s capital and controlling the company, as detailed in the explanatory note 6.

2. Preparation and presentation of financial statements

This financial statement was approved by the Board of Directors of B3 on March 17th, 2022.

The individual and consolidated financial statements were prepared based on the assumption of going concern and are being presented in accordance with accounting practices adopted in Brazil.

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

a) Consolidated financial statements

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

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

(In thousands of reais, unless otherwise stated)

	% - Ownership Interest	
Direct subsidiaries and controlled entities:	**2021**	**2020**
Banco B3 S.A. (Banco B3)	100.00	100.00
Bolsa de Valores do Rio de Janeiro (BVRJ)	86.95	86.95
B3 S.A. - Brasil, Bolsa, Balcão UK Ltd. (UK Ltd.)	100.00	100.00
BM&FBOVESPA BRV LLC (BRV LLC)	100.00	100.00
B3 Inova USA LLC (B3 Inova)	100.00	100.00
CETIP Info Tecnologia S.A. (CETIP Info)	100.00	100.00
CETIP Lux S.à.r.l. (CETIP Lux)	100.00	100.00
Portal de Documentos S.A. (Portal de Documentos)	100.00	100.00
BLK Sistemas Financeiros Ltda. (BLK)	100.00	100.00
Central de Exposição a Derivativos (CED)	100.00	100.00
B3 S.A. USA Chicago LLC (USA Chicago)	100.00	100.00
Neoway Tecnologia Integrada Assessoria e Negócios S.A. (Neoway)	100.00	-

Exclusive investment funds:

- Araucária Renda Fixa Fundo de Investimento (Araucária RF FI)
- Bradesco Fundo de Investimento Renda Fixa Longo Prazo B3 Câmara Garantias de Terceiros (Bradesco FI RF LP B3 Câmara)
- BB Pau Brasil Fundo de Investimento Renda Fixa (BB Pau Brasil FI RF)
- Fundo de Investimento Caixa Manacá Renda Fixa Referenciado DI Longo Prazo (FI Caixa Manacá RF DI LP)
- Fundo de Investimento Jacarandá Renda Fixa (Jacarandá RF)
- Imbuia FI Renda Fixa Referenciado DI (Imbuia FI RF DI)

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

Subsidiary UK Ltd., located in London, represents B3 abroad, through relationships with other stock exchanges and regulators, and assists in the pursuit of new customers for the market.

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

B3 Inova, headquartered in Wilmington, USA, has as its corporate purpose the capital investment in companies or companies established in any form.

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

CETIP Lux, headquartered in Luxembourg, has as its corporate purpose the acquisition of equity interests in any companies or companies established in any form and the raising of financial resources.

Portal de Documentos is a corporation headquartered in Barueri, state of São Paulo, engaged in providing solutions for customers of notarial services, increasing efficiency through the following services: (i) integration and registration of electronic documents for document authentication purposes; (ii) submission and confirmation of e-mails read; (iii) technical support, maintenance and other information technology services; (iv) production of electronic documents with legal value; (v) document agents; and (vi) credit collection and recovery.

BLK is limited liability company headquartered in São Paulo, state of São Paulo, engaged in software development, software-related licensing or assignment of rights, information technology technical support and training, provision of information services, lease of website space, and holding interest in other companies as a partner, shareholder or member.

CED is a company, headquartered in São Paulo, state of São Paulo, engaged in providing the capital market with transparency on the positions of derivatives taken out in Brazil, allowing a more accurate assessment of financial institutions in granting loan to companies in this type of transaction.

USA Chicago, headquartered in the city of Delaware, USA, is engaged in representing B3 abroad, through relationships with other stock exchanges and regulators.

Neoway is a corporation headquartered in Florianópolis, State of Santa Catarina, whose corporate purpose is to organize and complement the database of its customers with qualified information, and to provide market intelligence services through information technology, big data platform, artificial intelligence and integrated analysis tools.

b) Individual financial statements

The individual financial statements (B3) were prepared in accordance with accounting practices adopted in Brazil, which comprise the provisions contained in the Brazilian corporation law (Law No. 6404/76) and their respective changes, and the pronouncements, interpretations and guidance of the Brazilian Financial Accounting Standards Board (CPC), approved by the Brazilian Securities and Exchange Commission (CVM).

c) Functional currency

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

d) Statement of value added

Although the disclosure of the statement of value added (SVA) is not required by the IFRS, the Brazilian corporation law requires publicly-held companies to disclose it as an integral part of a set of financial statements. These statements have been prepared in accordance with CPC 09 - Statement of Value Added, as approved by the Brazilian Securities and Exchange Commission (CVM) Rule No. 557/08.

The purpose of this statement is to present information regarding the wealth created by B3 and how such wealth was distributed.

3. Summary of significant accounting practices

For a better understanding in the reading of the financial statements, the significant accounting practices are described in the related explanatory notes, except for the practices below that are related to more than one explanatory note. The accounting practices have been consistently adopted for the current and prior years.

a. Prepaid expenses

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

b. Noncurrent assets held for sale

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

c. Other assets and liabilities

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

d. Impairment of assets

Indefinite-lived assets, such as goodwill, are not subject to amortization and are tested annually for impairment. In case of indication of impairment, they are reassessed in shorter periods. Finite-lived assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Impairment losses are recognized at the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

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

e. Foreign currency translation

Items included in the financial statements for each of the consolidated companies of B3 are measured using the currency of the primary economic environment in which the entity operates (functional currency).

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

In the case of exchange gains/losses on foreign investments, whose functional currency differs from that of B3, variations in the investment amount deriving exclusively from exchange differences are recorded under “Equity adjustments” in other comprehensive income and are only written down to P&L for the period when the investment is sold or written off.

f. Current and noncurrent assets and liabilities

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

g. New standards and interpretations in force and not in force

In maintaining the permanent process of reviewing accounting standards, the IASB and CPC issued new revisions to existing standards. Below are the revisions in force, which did not have a significant impact on these financial statements:

- **Revision of Accounting Pronouncements No. 17:** Impacts on accounting pronouncements CPC 06 (R2) - Leases, CPC 11 - Insurance contracts, CPC 40 (R1) - Financial instruments: disclosures and CPC 48 - Financial instruments due to the Interest Rate Benchmark Reform, with expected changes in cash flows, hedge accounting requirements and disclosures.

- **Revision of Accounting Pronouncements No. 18:** Impact on Accounting Pronouncement CPC 06 (R2) - Leases - Covid-19-related rent concessions beyond June 30, 2021.

Below are the pronouncements, amendments and interpretations that will become effective in future years from which B3 does not expect significant impacts.

- **Revision of Accounting Pronouncements No. 19:** Impacts on accounting pronouncements CPC 15 (R1) - Business combination, CPC 25 - Provisions, contingent liabilities and contingent assets, CPC 27 - Property, plant and equipment, CPC 29 - Biological assets and agricultural produce, CPC 37 (R1) – First-time adoption of international accounting standards and CPC 48 – Financial instruments.

- **Accounting pronouncement CPC 50 – Insurance:** This pronouncement will replace the current standard on Insurance contracts (CPC 11). These amendments are effective for annual periods beginning on or after January 1, 2022 and are not applicable for B3.

- **Amendments to IAS 1 – Presentation of Financial Statements:** These amendments require that only information about material accounting policies be disclosed, eliminating disclosures of information that duplicate the requirements of current standards. This amendment is effective for annual periods beginning on or after January 1, 2023.

- **Amendments to IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors:** These include the definition of accounting estimates as monetary amounts that are subject to measurement uncertainty. This amendment is effective for annual periods beginning on or after January 1, 2023.

- **Amendments to IAS 12 – Income Taxes:** These clarify that the exemption for accounting for deferred taxes arising from temporary differences generated upon the initial recognition of assets or liabilities does not apply to leases. This amendment is effective for annual periods beginning on or after January 1, 2023.

h. Significant accounting estimates and judgments

The preparation of financial statements requires the use of significant accounting estimates and the exercise of judgment in the process of applying accounting policies that have an effect on the recognition and measurement of assets, liabilities, revenues and expenses of B3. Certain assumptions and estimates have been adopted as a result of historical experiences and other factors considered relevant. Actual results in future years may differ from those estimated as a result of variables, estimates or conditions that are different from those used in preparing the financial statements. Estimates and assumptions are reviewed periodically and recognized prospectively.

Those more complex assumptions that require a higher degree of judgment, and are significant for the consolidated financial statements, are the following:

(i) Fair value of financial instruments not traded on an active market

When the fair value of certain financial assets and liabilities cannot be measured based on inputs obtained in active markets, their fair value is calculated using valuation techniques, e.g. the discounted cash flow model, based on assumptions that take into account market inputs and conditions, prioritizing relevant observable inputs at all times, where possible. The measured fair values could differ from the actually realized values by virtue of assumptions, variables and conditions being different from those adopted for the measurement model. (Note 4 - Cash and cash equivalents, financial investments and derivative financial instruments and Note 10 - Other obligations (Future Installments)).

(ii) Impairment of noncurrent assets

The impairment testing of noncurrent assets reflects B3's best estimate for future cash flows from cash-generating units (CGU), and the fair value measurement is based on significant non-observable inputs and involves variables and uncertainties in cash flow projections, such as macroeconomic assumptions, discount rate, growth percentage, among others. The recoverable amount of certain assets may not substantially exceed their carrying amounts and, for that reason, it is reasonably possible that devaluation losses will be recognized for these assets in the coming years by virtue of a reality that is distinct from that of the assumptions assumed. (Notes 7 - Property and equipment and 8 – Intangible assets).

(iii) Estimated useful lives of property and equipment and intangible assets

The assumptions used take into account the expected useful life, replacement, obsolescence and their economic benefits for B3, however, actual useful lives may be different due to technological updates, inadequate use, lack of maintenance, among others. (Notes 7 - Property and equipment and 8 – Intangible assets).

(iv) Provisions for tax, civil and labor contingencies, contingent assets and liabilities

B3 periodically reviews its contingencies in accordance with B3's contingency assessment guidelines, which also take into consideration the analysis of the external law firms responsible for the lawsuits. The classification of the likelihood of loss and the estimated amounts may differ from the amounts actually realized due to external factors that cannot be controlled by B3. (Note 11 - Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions).

(v) Share-based incentives

The fair value of the cost of transactions to be settled with equity instruments is measured on the date of their grant. The estimated fair value of shares depends on the terms and conditions of the grant, in order to determine the most appropriate measurement model. The assumptions initially used in granting plans, such as quantities and turnover, are reviewed and reflected in the statements over the duration of the programs. (Note 15(a) - Employee benefits).

(vi) Realization of deferred income and social contribution taxes

B3 and its subsidiaries test deferred tax assets for impairment based on assumptions adopted by management that take into account the probable terms for realization of future taxable profits. These internal projections are restated annually to reflect the latest data.

Given their long-term nature, changes in tax legislation or in assumptions adopted, among other factors, the actual recoverable amount of deferred tax assets may differ from estimates, which may require future adjustments in the recorded taxes (Note 16(b) - Income tax and social contribution).

(In thousands of reais, unless otherwise stated)

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

a) Cash and cash equivalents

Accounting Practices

B3 considers cash and bank deposits as cash and cash equivalents for purposes of the statement of cash flows.

	B3		Consolidated	
Description	**2021**	**2020**	**2021**	**2020**
Cash and banks – deposits in local currency	64,455	49,008	27,140	17,473
Bank checking account in foreign currency	36,258	222,067	270,572	387,304
Cash and cash equivalents	**100,713**	**271,075**	**297,712**	**404,777**
Bank deposits in foreign currency - Third-party funds (1)	2,262,804	1,033,643	2,262,804	1,033,643
Total	**2,363,517**	**1,304,718**	**2,560,516**	**1,438,420**

(1) Refers to the restricted resources of third parties linked to the full settlement of derivative transactions (Clearing B3) and exchange transactions (Clearing Exchange).

Cash and cash equivalents are held in financial institutions in Brazil or abroad with low credit risk headquartered or domiciled in Brazil and abroad. Deposits in foreign currency are mostly in US dollars.

b) Financial investments

Accounting Practices

B3 classifies financial assets and liabilities upon initial recognition, according to the business model and contractual flows.

Amortized cost: Financial assets measured at the amortized cost are non-derivative financial assets designated by B3 in this category and the purpose of the business model adopted is to maintain assets for receipt of contractual cash flows on specific dates (principal and interest).

Financial assets measured at fair value through other comprehensive income: Financial assets measured at fair value through other comprehensive income are "non-derivative" financial assets that are designated by B3 in this category, whose purpose according to the business model adopted is to receive the contractual cash flows (principal and interest), and possible disposal of the asset. Interest is calculated using the effective interest rate method and is recognized in statement of profit or loss as finance income. The portion corresponding to the change in fair value is recognized in the comprehensive income net of taxes, charged against P&L upon settlement or impairment, except for equity instruments.

(In thousands of reais, unless otherwise stated)

The option to designate equity instruments as measured at fair value through other comprehensive income is irrevocable. The portion corresponding to the change in fair value is recognized in comprehensive income and is not transferred to income when definitively determined, regardless of its settlement. Earnings received are recognized in P&L.

Financial assets measured at fair value through profit or loss: Financial assets not classified in the previous categories due to the business model adopted, or assets designated by B3, upon initial recognition. Gains or losses arising from changes in the fair value of these financial instruments are presented in P&L, under finance income (costs), in the period in which they occur.

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

Description of financial assets	Average rates (p.a.)	No maturity	Up to 3 Months	Above 3 months and up to 12 months	Above 12 months and up to 5 years	Over 5 years	2021	B3 2020
Fair value through profit or loss								
Financial investment fund (1)	95% to 103% of CDI	14,531,797	-	-	-	-	14,531,797	12,139,602
Federal government securities								
Financial Treasury Bills	100% of Selic	-	-	56	-	-	56	107
Other investments		60	-	-	-	-	60	32
		14,531,857	-	56	-	-	14,531,913	12,139,741
Fair value through other comprehensive income								
Federal government securities								
Financial Treasury Bills	100% of Selic	-	209,469	184,177	896,590	-	1,290,236	1,577,630
National Treasury Bills (3)	5.86%	-	13,879	311,999	502,239	-	828,117	513,580
National Treasury Notes	B Series – iPCA 2.99% F Series – 6.99%	-	-	-	958,044	137,600	1,095,644	394,698
Shares - Minority interest								
Publicly traded companies (5)		164,801	-	-	-	-	164,801	393,988
Closed companies (6)		55,796	-	-	-	-	55,796	-
		220,597	223,348	496,176	2,356,873	137,600	3,434,594	2,879,896
Amortized cost								
Federal government securities								
National Treasury Notes (7)	B Series - IPCA + 2.99% F Series – 6.99%	-	-	-	232,865	87,919	320,784	65,931
		-	-	-	232,865	87,919	320,784	65,931
Total		**14,752,454**	**223,348**	**496,232**	**2,589,738**	**225,519**	**18,287,291**	**15,085,568**
Current							**15,472,034**	**12,882,150**
Noncurrent							**2,815,257**	**2,203,418**

(In thousands of reais, unless otherwise stated)

Description of financial assets	Average rates (p.a.)	No maturity	Up to 3 Months	Above 3 months and up to 12 months	Above 12 months and up to 5 years	Over 5 years	Consolidated 2021	2020
Fair value through profit or loss								
Financial investment fund (1)	95% to 103% of CDI	4,869,557	-	-	-	-	4,869,557	9,469,463
Repurchase agreements (2)	95% to 103% of CDI	-	5,294,203	-	-	-	5,294,203	2,211,228
Federal government securities								
Financial Treasury Bills	95% to 103% of CDI	-	160,882	58,907	4,330,312	807,473	5,357,574	1,598,710
National Treasury Notes	95% to 103% of CDI	-	-	-	-	-	-	393
Other investments		65	-	-	-	-	65	38
		4,869,622	5,455,085	58,907	4,330,312	807,473	15,521,399	13,279,832
Fair value through other comprehensive income								
Federal government securities								
Financial Treasury Bills	100% of Selic	-	215,894	197,506	1,008,971	26,720	1,449,091	1,698,634
National Treasury Bills (3)	5.86%	-	13,879	311,999	502,239	-	828,117	513,580
National Treasury Notes	Series - IPCA + 2.99% F Series – 6.99%	-	-	-	958,044	137,602	1,095,646	397,104
Other investments (4)		86,027	-	-	-	-	86,027	53,261
Shares - Minority interest								
Publicly traded companies (5)		164,801	-	-	-	-	164,801	393,988
Closed companies (6)		55,796	-	-	-	-	55,796	-
		306,624	229,773	509,505	2,469,254	164,322	3,679,478	3,056,567
Amortized cost								
Federal government securities								
National Treasury Notes (7)	Series - IPCA + 2.99% F Series – 6.99%	-	-	-	232,865	87,919	320,784	65,931
Other investments		13,868	-	40	-	-	13,908	10,176
		13,868	-	40	232,865	87,919	334,692	76,107
Total		**5,190,114**	**5,684,858**	**568,452**	**7,032,431**	**1,059,714**	**19,535,569**	**16,412,506**
Current							**16,573,301**	**14,003,987**
Noncurrent							**2,962,268**	**2,408,519**

(1) Investment funds portfolio is mostly comprise investments in federal government bonds and operations subject to repurchase agreements backed by government bonds indexed by reference to the Central Bank Benchmark Rate (SELIC). In the consolidated financial statements, exclusive investment funds are distributed in accordance with the financial instrument and maturity and are, however, recorded in current assets. Equity of investment funds is as follows:

	Administrator	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
Exclusive investment funds included in the consolidation process					
Araucária RF FI	Itaú Unibanco S.A	545,290	-	-	-
Bradesco FI RF LP B3 Câmara	Banco Bradesco S.A.	4,095,935	-	-	-
BB Pau Brasil FI RF	BB DTVM S.A.	2,145,039	895,674	-	-
FI Caixa Manacá RF DI LP	Caixa Econômica Federal	301,478	-	-	-
Imbuia FI RF DI	Safra Adm. Fiduciária Ltda	1,976,800	1,386,983	-	-
Jacarandá RF	Votorantim DTVM Ltda	680,277	508,975	-	-
		9,744,819	**2,791,632**	**-**	**-**
Mutual investment funds					
Araucária RF FI	Itaú Unibanco S.A	-	1,159,484	-	1,187,061
BB RF CP Empresa Ágil	BB DTVM S.A.	-	-	1	-
Bradesco Empresas FIC FI DI Federal	Banco Bradesco S.A.	-	-	-	45
Bradesco FI RF LP Eucalipto	Banco Bradesco S.A.	2,164,112	6,008,492	2,209,929	6,057,352
FI Caixa E-Simples RF LP	Caixa Econômica Federal	-	-	432	-
FI Liquidez Câmara B3	Banco B3 S.A.	712,699	685,077	712,699	685,077
Santander Cash Blue RF	Banco Santander S.A.	475,784	-	475,784	-
Santander FI Cedro RF	Banco Santander S.A.	1,434,383	1,494,917	1,470,712	1,539,928
		4,786,978	**9,347,970**	**4,869,557**	**9,469,463**
Total		**14,531,797**	**12,139,602**	**4,869,557**	**9,469,463**

(2) Contracted with financial institutions with low credit risk and backed by federal government bonds.

(3) As at December 31, 2021, National Treasury Bills in the amount of R$96,695 was recorded in guarantee for derivative transactions (Note 4(c)).

(4) These mostly refer to investment funds abroad of B3 Inova.

(5) These refer to shares of Bolsa de Comercio de Santiago in the amount of R$57,771 (R$81,161 at December 31, 2020), Bolsa de Valores de Colômbia - R$50,165 (R$66,895 at December 31, 2020), Bolsa de Valores de Lima - R$56,865 (R$52,162 at December 31, 2020) and, at December 31, 2020, Bolsa Mexicana de Valores - R$193,770 acquired by B3 within its strategy to explore opportunities of partnerships with other stock exchanges.

(6) Participation in the B-series investment round of Pismo Holdings (Pismo), a fintech that offers a complete processing platform for cloud financial services and building products of payments.

(7) National Treasury Notes assigned for use according to agreement between B3, Associação BM&F and BSM (Note 13 (a)).

The government securities are held under the custody of the Special System for Settlement and Custody (SELIC); the investment fund shares are held under the custody of their respective administrators; local shares are held under the custody of B3's Clearinghouse; the shares of Bolsa de Comercio de Santiago, Bolsa Mexicana de Valores, Bolsa de Valores de Lima and Bolsa de Valores de Colombia are held under the custody at the respective depositories.

Marketable securities were not reclassified in the year.

c) Financial and derivative instruments

Accounting Practices

Derivative financial instruments and hedge accounting

B3 uses derivative financial instruments in order to hedge its assets and liabilities from market risks, such as foreign exchange differences, B3SA3 share price variation and debentures interest rate variation. The exposure to the B3SA3 share price variation results from the payment of labor charges under the long-term incentive program (ILP). Hedge accounting is applied to all derivatives taken out, based on CPC48/IFRS 9.

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

Non derivative financial liabilities are classified at amortized cost, except where this classification does not result in more appropriate information.

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

In relation to hedge accounting, upon entering a hedging transaction, B3 prepares formal documentation containing: (i) hedge objective; (ii) hedge type; (iii) risk management strategy; (iv) nature of hedged risk; (v) identification of hedged item; (vi) identification of hedging instrument; and (vii) prospective effectiveness assessment.

Any imbalance between the hedged item index and the hedging instrument that is not in accordance with the hedge purpose of B3 is adjusted so that the index goes back to the standards established in the hedging strategy.

Currently, B3 has protection structures classified as cash flow hedges and any gain or loss in the hedging instrument related to the effective hedge portion is recognized under equity, in “other comprehensive income”, net of tax effects. Consequently, the exchange rate variation in hedging instruments, previously recognized in financial result prior to its recognition as a hedging instrument, accumulates in equity and is transferred to P&L for the same period and the same account group under which the hedged transaction is recognized. When the hedged transaction implies recognition of a nonfinancial asset, gains and losses recognized in equity are transferred and included in the initial measurement of the asset cost. The non-effective portion of the hedge is immediately recognized in P&L.

The method to determine the fair value, used by B3, consist in determining the future amount based on the conditions of transactions taken out, and then the present value based on current market curves, as disclosed by B3.

Hedge effectiveness analysis is performed through the dollar offset method for retrospective effectiveness test, which takes into consideration the ratio at fair value or present value of accumulated gains or losses on the hedging instrument with gains or losses on hedged item for hedged risk. The approach used for the analyses consists of the benchmark rate approach.

Fair value hierarchy

Financial assets and liabilities measured at fair value of B3 are recognized at quoted prices (unadjusted) in active market (Level 1), except for future payment installments related the acquisition of subsidiaries (Note 10) where the fair value is calculated using evaluation technique (in this case, Montecarlo model) and unobservable data (Level 3). Amounts receivable and trade accounts payable approximate book value due to their short-term maturity and fair value of transactions with related parties corresponds to book value.

(In thousands of reais)

Investment in foreign subsidiary (CETIP Lux)

	B3		Consolidated	
	2021	**2020**	**2021**	**2020**
Assets				
Investment in foreign subsidiary	2,018,453	1,835,534	-	-
Liabilities				
Intercompany loans and loan taken out by subsidiary	(2,636,818)	(2,455,555)	(838,575)	(779,619)
Net currency exposure	**(618,365)**	**(620,021)**	**(838,575)**	**(779,619)**

In view of the fact that, under the terms of tax legislation, gains or losses arising from the exchange rate variation on investments should not be taken into account in the income and social contribution tax base, a mismatch between long and short positions in foreign currency is required, so that the after-tax P&L is not exposed to exchange rate variation (post-tax hedge).

Hedge operations

At December 31, 2021, the swap consolidated amounts measured at fair value are the following:

Description							B3 and Consolidated					
							Balance		Gain/(Loss) for the period			
Hedge classification	Hedged Item	Hedging instrument	Notional value		Average interest / Notional value - R$	Maturity	Assets	Liabilities	Non-Financial Assets	Operating expenses	Financial income	Equity
Cash Flow	Stock Grant Charges (1)	*Swap*	BRL	147,451	B3SA3 + earnings (assets) CDI + 0.53 % p.a (liabilities)	Jan/2022	-	(67,342)	-	(24,888)	(542)	23,762
Cash Flow	Certain firm commitments (2)	Cash in foreign currency				12/31/2021	-	-	434	320	-	-
Cash Flow	Bolsa de Comércio de Santiago Shares (3)	NDF	CLP	7,800,000	52,595	06/08/2022	1,722	-	-	-	-	1,137
Cash Flow	Bolsa de valores de Colombia Shares (3)	NDF	COP	31,200,000	44,710	03/25/2022	1,831	-	-	-	-	1,208
Cash Flow	IPCA series of the 4th issue of debentures (4)	*Swap*	BRL	163,225	IPCA + 3.90% p.a (asset) 120.81% CDI (liabilities)	Jan/2022 up to Dec/2030	-	(12,589)	-	-	10,553	(20,030)
Cash Flow	1st series of the 5th issue of debentures (5)	*Swap*	BRL	1,552,230	DI + 1.17% p.a (asset) 115.95% CDI (liabilities)	May/2024	-	(13,662)	-	-	(88)	(8,929)
Cash Flow	2nd series of the 5th issue of debentures (5)	*Swap*	BRL	1,447,700	DI + 1.39% p.a (asset) 117.94% CDI (liabilities)	May/2025 up to May/2026	-	(17,294)	-	-	(36)	(11,378)
Cash Flow	Future revenues indexed in foreign currency (6)	Loan in foreign currency	USD	700,000	-	Sep/2031	-	-	-	(5,411)	114,253	108,842
Net investment abroad	Investment in subsidiary B3 Inova (7)	NDF	USD	10,000	51,978	01/20/2022	-	(2,619)	-	-	-	(1,729)
							3,553	**(113,506)**	**434**	**(29,979)**	**124,140**	**92,883**
Current							**3,553**	**(69,831)**				
Non-current							**-**	**(43,675)**				

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

(1) In January 2021, B3 engaged in a new hedge transaction, in order to neutralize the impacts of B3SA3 share price variation in paying labor charges on long-term incentive plans.

(2) In January 2021, B3 recorded a new hedge, allocating part of its cash in foreign currency to hedge the currency risk of certain firm commitments assumed in foreign currencies (cash flow hedge). The cash flows subject to coverage refer to payments to be incurred up to December 31, 2021, regardless of whether the contract terms exceed that date, and hedged items not paid by that date were written off in the year.

(3) In December 2021, Non-Deliverable Forwards (NDFs) were entered into to hedge the foreign exchange difference of investments in the shares of the Santiago Stock Exchange and of the Colombian Stock Exchange. The hedge corresponds to, at the reporting date, more than 80% of the investment share.

(4) In December 2020, an asset swap were entered into to hedge the IPCA variation of the IPCA series of the 4th issue of B3's debentures.

(5) In June 2021, a swap were entered into to hedge the CDI variation of the first and second series of the 5th issue of B3's debentures.

(6) In September 2021, B3 created a new hedge, designating debt issued abroad (Unsecured Note) to hedge the impacts of foreign exchange differences on part of future revenues indexed in foreign currency over the next 5 years (cash flow hedge). These amounts will be hedged on a prospective basis over the next 5 years, ending September 2031, date when the hedging instrument matures.

(7) In July 2021, Non-Deliverable Forward (NDF) transactions were entered into in order to hedge the currency fluctuation of investments in subsidiary B3 Inova. At the base date, to approximately 80% of this investment is hedged.

Derivative financial instruments were entered into with financial institutions with low credit risk, and an assignment instrument with bilateral guarantee exchange have been entered into with certain counterparties (Nota 4(b)).

d) Financial instruments and risk management

Financial risk management and financial investment policy

B3's short-term investment policy focuses on high liquidity and low risk, which mostly results in allocations to federal government bonds indexed at Selic and acquired directly, via repurchase agreements backed by government securities and also through exclusive and non-exclusive funds.

Derivative instrument transactions are performed by B3 exclusively for hedging purposes.

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

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

(In thousands of reais)

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

Sensitivity analysis

The table below presents the consolidated net exposure of all financial instruments (assets and liabilities) by market risk factors.

Exposure to Risk Factors (Consolidated)					
		2021		2020	
Risk Fator	**Risk**	**Percentage**	**Amount**	**Percentage**	**Amount**
Floating interest rate	Lower SELIC rate	58.47%	16,520,818	65.18%	14,280,186
Floating interest rate	Higher CDI	33.66%	9,509,903	29.02%	6,358,544
Inflation	Lower inflation rate	3.56%	1,006,869	0.81%	177,983
Fixed interest rate	Higher Fixed	3.00%	847,240	1.99%	436,590
Others	Others	1.31%	371,715	3.00%	656,139

Share price risk

The table below shows a sensitivity analysis on possible impacts from a variation of 25% and 50% on the probable scenario for share price, for the next three months, obtained from Bloomberg.

	Impact				
Risk Fator	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
Bolsa de Comercio de Santiago shares in BRL	(29,109)	(14,778)	(447)	13,884	28,215
Share price in CLP	873.44	1,310.16	1,746.88	2,183.60	2,620.32
Bolsa de Valores da Colombia shares in BRL	(25,221)	(12,749)	(277)	12,195	24,667
Share price in COP	4,910.22	7,365.32	9,820.43	12,275.54	14,730.65
Bolsa de Valores de Lima shares in BRL	(28,307)	(14,028)	251	14,530	28,809
Share price in PEN	1.37	2.05	2.73	3.41	4.10

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

Interest rate risk

The table below shows a sensitivity analysis on possible impacts on assets and liabilities of a variation of 25% and 50% on the probable scenario of the post-fixed rates CDI and Selic, for the next three months, and of the pre-fixed rates, obtained through Bloomberg and B3.

(In thousands of reais)

	Impact				
Risk Fator	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
CDI	(119,915)	(178,230)	(235,511)	(291,799)	(347,133)
CDI Rate	5.14%	7.71%	10.28%	12.85%	15.42%
Selic	203,917	303,083	400,489	496,207	590,305
Selic Rate	5.14%	7.71%	10.28%	12.85%	15.42%
Fixed	31,148	26,340	21,072	15,804	10,536
Fixed rate	5.52%	8.27%	11.03%	13.79%	16.55%
IPCA	19,110	15,925	12,740	9,555	6,370
IPCA rate	2.58%	3.87%	5.16%	6.45%	7.74%

Currency risk

In addition to the amounts payable and receivable in foreign currencies, B3 has own funds abroad, and shareholding interest in Latin America Stock Exchanges.

The table below shows a sensitivity analysis on possible impacts on assets and liabilities of a variation of 25% and 50% on the probable scenario for currency risk for the next three months, obtained from Bloomberg.

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

	Impact				
Risk Fator	**-50%**	**-25%**	**Probable scenario**	**+25%**	**+50%**
USD	(29,841)	(14,280)	1,281	16,843	32,404
Exchange rate USD/BRL	2.8489	4.2734	5.6978	7.1223	8.5467
CLP	(3,271)	(1,617)	37	1,691	3,345
Exchange rate CLP/BRL	0.0033	0.0050	0.0066	0.0083	0.0099
COP	(3,611)	(1,768)	74	1,917	3,760
Exchange rate COP/BRL	0.0007	0.0011	0.0014	0.0018	0.0021
PEN	(28,785)	(14,559)	(332)	13,894	28,120
Exchange rate PEN/BRL	0.6966	1.0449	1.3932	1.7415	2.0898

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

Liquidity risk

Liquidity risk arises from the cash need related to the obligations assumed. B3 manages its cash flows in order to ensure liquidity and compliance with all Company obligations. The following table shows the main liability financial instruments of B3 by maturity (undiscounted cash flows):

(In thousands of reais)

Description	No maturity	Within 1 year	From 1 to 2 years	From 2 and 5 years	Above 5 years
Collaterals for transactions	6,357,430	-	-	-	-
Debt issuance abroad	-	189,573	189,573	568,719	4,854,214
Swap (1)	-	71,355	11,717	34,147	(141,579)
NDFs (2)	-	(2,224)	-	-	-
Debentures	-	3,102,600	1,753,691	4,719,092	240,473
Loan in dollars	-	577,600	286,825	-	-
Loan in reais	-	126,563	1,393,732	-	-
FINEP loan	-	2,157	2,034	4,962	-
	6,357,430	**4,067,624**	**3,637,572**	**5,326,920**	**4,953,108**

(1) For the adjustment calculation, CDI curve was used from December 31, 2021 up to the swap settlement date, the dollar at the closing of month (PTAX) was also used, rate disclosed by the Central Bank of Brazil.

(2) For calculating the adjustment, the sales rates of the respective currencies were disclosed by the Central Bank of Brazil on the last business day of the month.

Credit risk

The main credit risk of B3 arises from its financial investments. As a way of managing this risk, B3 has a financial investment policy that focuses mainly on investments in Brazilian federal government securities. Currently approximately 99% of financial investments is in connection with federal government securities with ratings set by Standard & Poor's and Moody's of “BB-” and “Ba2”, respectively, for long-term issues in local currency. The counterparties of Swaps and NDFs taken out as hedging transactions are substantially low credit risk financial instituitions.

Capital management

B3’s capital management main objectives are to safeguard its ability to continue as a going concern in order to maintain an optimal target capital structure. In order to maintain or adjust its capital structure, B3 may revise its practices for payment of earnings, return capital to shareholders, incur debts, loans and financing.

At December 31, 2021, the difference between financial assets and liabilities amounted to R$1,332,705 (R$5,075,652 at December 31,2020) as follows:

Description	Consolidated 2021	2020
Cash and cash equivalents/financial investments	22,096,085	17,850,926
Loans and financing, debentures and derivative financial instruments	(14,308,593)	(7,003,954)
Collateral for transactions	(6,357,430)	(5,695,723)
Earnings and rights on securities under custody	(97,357)	(75,597)
	1,332,705	**5,075,652**

(In thousands of reais)

Other information – COVID 19

B3, due to the impacts of the measures adopted to face the COVID-19 pandemic in the calculation of expected losses on financial instruments, is monitoring the positions of financial assets and receivables with regard to the identification of a significant increase in credit risk. Considering the nature of these assets (substantially backed by federal government securities), the lack of a significant financing component, as well as a set of quantitative and qualitative aspects, B3 identified no significant increase in their credit risk. B3 will continue to monitor such financial instruments periodically and prospectively.

5. Trade accounts receivable

Accounting Practices

B3's receivables refer substantially to trade accounts receivable. They are initially recorded at the transaction value and subsequently at amortized cost, using the effective interest method, less any impairment loss.

Losses are estimated by means of a provision matrix based on days of delay and segmented by customers and services that have similar patterns of losses. The provision matrix is reviewed and updated according to the historical loss experience and the expectation of losses of B3's receivables portfolio.

Breakdown of accounts receivable is as follows:

	B3		Consolidated	
Description	**2021**	**2020**	**2021**	**2020**
Fees	54,271	64,123	54,271	64,123
Trust and custodian fees	146,835	165,481	146,835	165,481
Vendors - Signal broadcasting	48,647	37,760	53,270	43,319
Database management	86,739	71,879	86,738	71,879
Data processing	29,753	38,507	72,835	38,507
Other accounts receivable	45,805	37,269	49,326	40,803
Subtotal	**412,050**	**415,019**	**463,275**	**424,112**
Estimated losses on accounts receivable	(14,076)	(11,794)	(27,017)	(11,996)
Total	**397,974**	**403,225**	**436,258**	**412,116**

The amounts presented above are primarily denominated in Brazilian Reais and approximately 95% falls due within 90 days. At December 31, 2021, the amounts overdue above 90 days totaled R$2,480 (R$4,992 at December 31, 2020) at B3 and in the consolidated.

(In thousands of reais)

Changes in estimated losses on accounts receivable:

	B3	Consolidated
Balance at December 31, 2019	**5,529**	**5,614**
Additions	15,955	16,119
Reversals	(8,173)	(8,220)
Write-offs	(1,517)	(1,517)
Balance at December 31, 2020	**11,794**	**11,996**
Additions	17,704	17,918
Reversals	(11,518)	(11,666)
Write-offs	(3,904)	(3,911)
Acquisition of subsidiaries	-	12,680
Balance at December 31, 2021	**14,076**	**27,017**

6. Investments

Accounting Practices

Subsidiaries and Basis of consolidation

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

B3 consolidates its subsidiaries from the moment it assumes control thereover, that is, when it is exposed or entitled to variable returns based on its involvement with the investee and has the ability to affect these returns through power exercised.

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

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

Associates

Affiliate is the company over which B3 has the ability to exercise significant influence. B3's judgment as regards the level of influence on investments takes into consideration key factors, such as interest percentage, representation in the Board of Directors, participation in the definition of policies and businesses, and material intercompany transactions.

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

Business combination and goodwill

B3 accounts for business combinations using the acquisition method. The cost of the acquisition is measured as the aggregate of the consideration transferred, measured at the acquisition-date fair value. The costs directly attributable to the acquisition are accounted for as expenses, as incurred.

B3 measures the assets acquired and the liabilities assumed in order to classify and allocate them according to the contractual terms, economic circumstances and the relevant conditions on the acquisition date.

Goodwill is initially measured as the transferred payment exceeding amount in relation to the net assets acquired. If the consideration is lower than the fair value of the net assets acquired, the difference will be recognized as a gain in the income statement.

After initial recognition, goodwill is measured at cost, less any accumulated impairment losses. For impairment test purposes, goodwill acquired in a business combination is allocated to each cash-generating units that are expected to benefit from the synergies of combination.

a) *Business combination*

Neoway

In December 23, 2021, B3 completed the transaction to acquire 100% of Neoway's capital, in line with the Material News Release disclosed on October 14 and 19, 2021 and December 23, 2021, following compliance with all conditions precedent relating to the transaction, including its approval at the Special General Meeting held on December 9, 2021, and the necessary regulatory approvals by both the Brazilian antitrust enforcement agency (CADE) and the CVM, without any restrictions.

Founded in 2002, Neoway is a company whose the main activity is organize and complement the database of its customers with qualified information and market intelligence services, through information technology, big data platform and integrated analysis tools.

The acquisition of Neoway is in line with B3's strategy of developing data and analytics products for the financial and capital markets, as well as for the credit and retail segments, serving customers of the financial and other markets. The acquisition will bring data science and analytics capabilities that will complement those of B3, contributing to increase the capillarity of existing data products and the time-to-market of future products, in addition to strengthening data engineering and modeling through intellectual capital and a well-established platform.

The acquisition amounted to R$1,785,532, which could be adjusted as a result of a review of the final net debt and/or working capital, whose disbursement and the fair value of the identifiable net assets acquired are shown below:

(In thousands of reais, unless otherwise stated)

Base date: 12/23/2021 Purchase price allocation (100%)	Consolidated
a) Consideration	**1,785,532**
Cash payment	1,268,011
Escrow account (1)	475,000
Other values payable	42,521
b) Identifiable assets acquired and liabilities assumed	**588,800**
Cash and cash equivalents	26,481
Trade accounts receivable	39,048
Taxes and contributions recoverable	3,793
Prepaid expenses and other receivables	13,834
Deferred taxes	32,419
Other credits	15,779
Investments	531
Property and equipment	6,295
Intangible assets	536,523
Labor obligations and related charges	(26,298)
Suppliers	(6,548)
Deferred income tax and social contribution	(2,707)
Provisions for contingencies and social obligations	(14,018)
Loans and leases	(1,276)
Other obligations	(35,056)
a-b = *Goodwill*	**1,196,732**

(1) From the financial risk perspective and for coverage of certain contractual obligations and indemnification obligations, a portion of the price paid was deposited in an escrow account held by B3, and the funds are managed in accordance with the rules established in the contract and with the respective indemnification obligations. The amount in the escrow account will be transferred to the shareholders within 36 to 72 months, from the date the transaction was closed, net of any amounts corresponding to the final assessments of B3's current claims for the period. The funds are invested in the fund Santander Cash Blue Fundo de Investimento Renda Fixa Referenciado DI, administered by Banco Santander S.A. (Note 4(b)). The escrow account (Note 10) is monetarily restated.

The difference between the total acquisition amount paid in exchange for the control of Neoway and its net assets at fair value resulted in the recognition of goodwill and intangible assets.

The allocation of the amount paid was based on a preliminary valuation of the fair value of Neoway's net assets acquired and is under review by B3 and by independent advisors. B3 expects to complete these studies in the coming months.

The goodwill of R$1,196,732 represents the expected future economic benefit from the synergy of the business combination, and at the moment there is no estimate for tax deduction.

The methodologies used to measure the fair value of the intangible assets identified in the transaction were the following:

a) Brand: for measurement purposes, this intangible asset includes the company's trade name, which will continue to be used. Over the years, the company has developed its brand that is recognized as a reference in the data industry. The asset meets the criteria for identifying intangible assets and must be recognized separately from goodwill. For the measurement, the Income - Relief from Royalty approach was used, based on savings in royalties for owning a brand, and generated a revaluation surplus of R$134,042.

b) Software: Neoway has an internally developed data platform, which is essential for the provision of its services, and was developed and customized internally to meet its business needs. It is this company's main asset and the most relevant reason that motivated an investment by B3. The platform is the company's basis of operation and is an intellectual property under the entity's full control. Therefore, the asset meets the criteria for identifying intangible assets and must be recognized separately from goodwill. For the measurement, the Income Approach - Multi-Period Excess Earnings Method (MPEEM) was used, based on the estimated present value of future income to be generated during the remaining useful life of the asset, and generated a revaluation surplus of R$345,066.

Until the completion of these financial statements, transaction costs incurred amounted to R$4,332 and were recorded in B3's statement of profit or loss.

After the completion of referred to transaction, B3 recorded a negative result of R$1,716 as a result of Neoway's equity pickup between the acquisition date and the reporting date.

(In thousands of reais, unless otherwise stated)

b) *Investments in subsidiaries and associates*

Investments in subsidiaries and associates comprise the following:

Position at 12/31/2021

Subsidiaries/ Associates	Participation: Total shares	Participation: %	Assets	Liabilities	Capital	Equity	Appreciation in business combination	Revenues	Adjusted P&L
Subsidiaries									
Banco B3	24,000	100.00	993,256	852,698	200,000	140,558	-	89,417	32,948
BVRJ	115	86.95	94,474	6,622	76,483	87,852	-	3,925	(60)
UK Ltd.	1,000	100.00	4,340	2,437	1,363	1,903	-	6,095	(2,232)
B3 Inova	1	100.00	85,193	-	137,655	85,193	-	-	7,889
Usa Chicago	1	100.00	2,505	2	5,571	2,503	-	1,599	(68)
CETIP Info	800	100.00	99,705	4,131	58,308	95,574	-	62,654	37,266
CETIP Lux	85,000	100.00	2,874,188	855,735	379	2,018,453	-	-	182,919
BLK	39,403,650	100.00	57,802	8,118	152,807	49,684	(14)	10,496	(13,933)
Portal de Documentos	200,000	100.00	69,470	31,296	78,000	38,174	77,060	108,684	(1,730)
CED	10,000	100.00	175	306	486	(131)	-	1,262	(929)
Neoway	5,976,740	100.00	173,356	60,903	318,226	112,453	1,671,196	3,726	(1,716)
Associates									
RTM	2,020,000	20.00	134,752	27,069	10,100	107,683	8,809	139,222	26,311
Dimensa	56,139,114	37.50	711,016	41,846	56,139	669,170	348,224	29,603	4,812

Changes	Balances at 12/31/2020	Equity method	Subsidiaries comprehensive income	Capital increase	Earnings	Recognition of stock grant plan	Acquisition of subsidiaries	Impairment	Balances at 12/31/2021
Subsidiaries									
Banco B3	112,878	32,948	229	-	(5,497)	-	-	-	140,558
BVRJ	76,439	(52)	-	-	-	-	-	-	76,387
UK Ltd.	4,025	(2,232)	110	-	-	-	-	-	1,903
B3 Inova	53,268	7,889	4,397	19,639	-	-	-	-	85,193
Usa Chicago	2,420	(68)	151	-	-	-	-	-	2,503
CETIP Info	91,089	37,266	-	-	(32,781)	-	-	-	95,574
CETIP Lux	1,835,534	182,919	-	-	-	-	-	-	2,018,453
BLK	16,467	(13,933)	-	47,000	-	136	-	-	49,670
Portal de Documentos	102,789	(1,730)	1,176	10,000	-	2,999	-	-	115,234
CED	4,912	(929)	-	-	-	-	-	(4,114)	(131)
Neoway	-	(1,716)	-	-	-	-	1,785,365	-	1,783,649
	2,299,821	240,362	6,063	76,639	(38,278)	3,135	1,785,365	(4,114)	4,368,993
Associates									
RTM (1)	25,025	5,321	-	-	-	-	-	-	30,346
Dimensa (2)	-	(910)	-	-	-	-	600,073	-	599,163
	25,025	4,411	-	-	-	-	600,073	-	629,509
Total	**2,324,846**	**244,773**	**6,063**	**76,639**	**(38,278)**	**3,135**	**2,385,438**	**(4,114)**	**4,998,502**

(1) B3 holds 20% interest in associate RTM, which is a private communication network created especially for the financial sector, connecting approximately 600 institutions and 30 information and service providers in a single operational environment, RTM manages data, voice and image services and develops specific solutions for users in the financial sector. In order to apply the equity method, RTM financial statements were used with one month's lag effect. The difference in the subsidiary's reporting dates used derives from incompatibilities in the accounting close timeline of B3 and the associate.

(In thousands of reais, unless otherwise stated)

(2) On October 1, 2021, as communicated to the market, B3 invested R$600,073 in Dimensa and now holds a minority interest of 37.5% in its capital. Dimensa is a subsidiary of TOTVS resulting from the carve-out of the financial services management solutions operation. Dimensa's extensive portfolio includes: a high-level platform for the investment fund market, with solutions for the processing and control of middle and back offices; a core banking solutions platform for small and medium banks; and a processing and management platform for private label card transactions.

The allocation of the amount paid was based on a preliminary valuation of the fair value of Dimensa's net assets acquired, which is under review by B3. B3 expects to complete these studies in the coming months.

Base date: 10/01/2021 Purchase price allocation (37.5%)	
a) Purchase price	**600,073**
b) Dimensa's equity	**247,506**
Equity (Sept/21)	22,506
Capital contribution (R$600,000) - Part B3	225,000
c) Revaluation surplus (deficit) of assets and liabilities	**217,901**
Brand	26,956
Platform/Software	190,945
d) Fair value adjustment	**(3,142)**
Intangible assets written off	(3,142)
a-b-c-d = *Goodwill*	**137,808**

The goodwill of R$137,808 represents the future economic benefit expected from the future profitability of Dimensa's operations.

The methodologies used to measure the fair value of the intangible assets identified in the transaction were as follows:

a) Brand: For purposes of valuation, this intangible asset includes the Company's trade name, which will continue to be used. Over the years, the Company has developed its brand, which is recognized as a benchmark in the software industry for financial institutions. The asset meets the criteria for identifying intangible assets and must be recognized separately from goodwill. Income approach Relief from Royalty was used for measurement, based on the royalty savings for owning a brand.

b) Software: Dimensa internally developed a platform for the financial services segment, which is essential in the provision of its services, and was developed and customized internally to meet the needs of the business. It is the Company's main asset and the most relevant reason that motivated the investment by B3. The platform is the Company's operating base and is an intellectual property fully under the control of the entity. Therefore, this asset meets the criteria for identifying intangible assets and must be recognized separately from goodwill. Income approach Multi-Period Excess Earnings Method (MPEEM) was used for measurement, based on the estimate of the present value of future income to be generated over the remaining useful life of the asset.

(In thousands of reais, unless otherwise stated)

For the application of the equity method, Dimensa's financial statements were used with a one-month lag.

The BRV LLC stated no balance in the year.

Position at 12/31/2020

Subsidiaries/ Associates	Participation Total shares	%	Assets	Liabilities	Capital	Equity	Appreciation in business combination	Revenues	Adjusted P&L
Subsidiaries									
Banco B3	24,000	100.00	1,133,337	1,020,459	60,000	112,878	-	51,949	16,906
BVRJ	115	86.95	93,740	5,828	75,795	87,912	-	5,294	14
UK Ltd.	1,000	100.00	4,416	391	682	4,025	-	3,741	954
B3 Inova	1	100.00	53,268	-	49,188	53,268	-	-	2,236
Usa Chicago	1	100.00	2,526	106	2,786	2,420	-	-	(185)
CETIP Info	800	100.00	96,911	5,822	29,154	91,089	-	57,355	32,781
CETIP Lux	85,000	100.00	2,616,355	780,821	190	1,835,534	-	-	441,733
BLK	39,403,650	100.00	22,866	6,519	29,404	16,347	120	10,307	(10,397)
Portal de Documentos	200,000	100.00	44,372	23,206	29,000	21,166	81,623	55,382	(11,419)
CED	10,000	100.00	959	471	548	488	4,425	1,134	(419)
Associates									
RTM	2,020,000	20.00	103,981	22,902	10,100	81,079	8,809	123,076	18,815

Changes	Balances at 12/31/2019	Equity method	Subsidiaries comprehensive income	Capital increase	Earnings	Recognition of stock grant plan	Acquisition of subsidiaries	Impairment	Balances at 12/31/2020
Subsidiaries									
Banco B3	100,316	16,906	(355)	-	(3,989)	-	-	-	112,878
BVRJ	76,427	12	-	-	-	-	-	-	76,439
UK Ltd.	2,237	954	834	-	-	-	-	-	4,025
B3 Inova	25,080	2,236	10,807	15,145	-	-	-	-	53,268
Usa Chicago	-	(185)	(180)	2,785	-	-	-	-	2,420
CETIP Info	99,120	32,781	-	-	(40,812)	-	-	-	91,089
CETIP Lux	1,393,801	441,733	-	-	-	-	-	-	1,835,534
BLK	14,535	(8,807)	12	24,000	-	(1,604)	993	(12,662)	16,467
Portal de Documentos	96,326	(11,419)	-	14,000	-	3,882	-	-	102,789
CED	-	(419)	-	-	-	-	5,331	-	4,912
	1,807,842	473,792	11,118	55,930	(44,801)	2,278	6,324	(12,662)	2,299,821
Associates									
RTM	22,660	2,365	-	-	-	-	-	-	25,025
	22,660	2,365	-	-	-	-	-	-	25,025
Total	**1,830,502**	**476,157**	**11,118**	**55,930**	**(44,801)**	**2,278**	**6,324**	**(12,662)**	**2,324,846**

c) *Investment properties*

Accounting Practices

B3 records investment properties at acquisition or construction cost, less depreciation, except land, calculated using the straight-line method at rates based on the estimated useful life of the assets. Any expenses with repairs and maintenance are recorded in the income statement when incurred. Rental income from investment properties is recognized as other income during the term of the lease.

(In thousands of reais)

Investment properties are represented by rented properties, owned by the subsidiary BVRJ. Revenue from the rental of these properties in the period ended December 31, 2021 was R$3,920 (R$5,208 as of December 31, 2020). The estimated fair value of the properties is R$99,181, calculated using the average price per square meter for the sale of commercial properties in the city of Rio de Janeiro, disclosed in the FIPEZAP table. B3 has no restrictions as to the sale of its investment properties.

Changes	Consolidated
Balances at December 31, 2019	**24,563**
Depreciation	(1,518)
Balances at December 31, 2020	**23,045**
Depreciation	(1,518)
Balances at December 31, 2021	**21,527**
Annual average depreciation rates	**4.0%**

7. Property and equipment

Accounting Practices

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

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

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

(In thousands of reais, unless otherwise stated)

							B3
Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2019	**293,567**	**20,707**	**243,956**	**47,741**	**33,176**	**40,733**	**679,880**
Additions	4,502	9,529	102,977	29,485	5,504	60,423	212,420
Right of use	4,648	-	-	-	-	-	4,648
Write-offs	-	(353)	(3,345)	(4,755)	(35)	-	(8,488)
Transfers	38,629	103	-	3,665	649	(43,046)	-
Expenses with recapitalized depreciation	-	(2)	(2,438)	(3)	-	-	(2,443)
Depreciation	(16,549)	(5,880)	(56,579)	(8,877)	(7,207)	-	(95,092)
Balances at December 31, 2020	**324,797**	**24,104**	**284,571**	**67,256**	**32,087**	**58,110**	**790,925**
Additions	34,295	6,046	88,706	20,507	5,724	26,573	181,851
Right of use	(1,239)	-	-	-	-	-	(1,239)
Write-offs	(158)	(135)	(132)	-	-	-	(425)
Transfers	18,000	557	647	3,048	67	(22,319)	-
Reclassification (Note 8)	-	-	-	3,642	-	(3,661)	(19)
Depreciation	(10,393)	(4,253)	(61,775)	(10,016)	(4,589)	-	(91,026)
Others	-	(2)	(3,022)	(3)	-	-	(3,027)
Balances at December 31, 2021	**365,302**	**26,317**	**308,995**	**84,434**	**33,289**	**58,703**	**877,040**
At December 31, 2021							
Cost	564,492	78,838	804,176	124,050	85,221	58,703	1,715,480
Accumulated depreciation	(199,190)	(52,521)	(495,181)	(39,616)	(51,932)	-	(838,440)
Net book balance	**365,302**	**26,317**	**308,995**	**84,434**	**33,289**	**58,703**	**877,040**
Annual average depreciation rates	**2.1%**	**10.9%**	**13.3%**	**11.1%**	**13.6%**	**-**	
At December 31, 2020							
Cost	519,741	73,321	721,217	96,854	86,686	58,110	1,555,929
Accumulated depreciation	(194,944)	(49,217)	(436,646)	(29,598)	(54,599)	-	(765,004)
Net book balance	**324,797**	**24,104**	**284,571**	**67,256**	**32,087**	**58,110**	**790,925**
Annual average depreciation rates	**4.7%**	**11.1%**	**12.7%**	**16.2%**	**26.0%**	**-**	

(In thousands of reais, unless otherwise stated)

							Consolidated
Changes	Buildings	Furniture and fixtures	Computer devices and equipment	Facilities	Other	Construction in progress	Total
Balances at December 31, 2019	**296,354**	**21,363**	**248,648**	**47,809**	**34,946**	**40,733**	**689,853**
Acquisition of subsidiaries	5	-	57	-	-	-	62
Additions	4,502	9,680	112,389	29,485	5,956	60,423	222,435
Right of use	5,353	-	-	-	-	-	5,353
Write-offs	-	(353)	(3,382)	(4,755)	(35)	-	(8,525)
Transfers	38,624	108	-	3,665	649	(43,046)	-
Expenses with recapitalized depreciation	-	(2)	(2,438)	(4)	-	-	(2,444)
Depreciation	(17,308)	(6,006)	(58,389)	(8,901)	(7,236)	-	(97,840)
Balances at December 31, 2020	**327,530**	**24,790**	**296,885**	**67,299**	**34,280**	**58,110**	**808,894**
Acquisition of subsidiary (Note 6(a))	2,677	862	1,330	38	1,388	-	6,295
Additions	34,614	6,144	93,620	20,507	6,274	26,573	187,732
Right of use	412	-	-	-	-	-	412
Write-offs	(158)	(200)	(599)	(5)	(26)	-	(988)
Transfers	18,000	557	647	3,048	67	(22,319)	-
Reclassification (Note 8)	-	-	-	3,642	-	(3,661)	(19)
Depreciation	(11,438)	(4,393)	(64,826)	(10,034)	(4,771)	-	(95,462)
Others	-	(2)	(3,022)	(3)	-	-	(3,027)
Balances at December 31, 2021	**371,637**	**27,758**	**324,035**	**84,492**	**37,212**	**58,703**	**903,837**
At December 31, 2021							
Cost	578,849	83,218	833,011	125,359	91,985	58,703	1,771,125
Accumulated depreciation	(207,212)	(55,460)	(508,976)	(40,867)	(54,773)	-	(867,288)
Net book balance	**371,637**	**27,758**	**324,035**	**84,492**	**37,212**	**58,703**	**903,837**
Annual average depreciation rates	**2.1%**	**10.9%**	**13.3%**	**11.1%**	**13.6%**	**-**	
At December 31, 2020							
Cost	523,661	75,418	742,943	98,115	89,075	58,110	1,587,322
Accumulated depreciation	(196,131)	(50,628)	(446,058)	(30,816)	(54,795)	-	(778,428)
Net book balance	**327,530**	**24,790**	**296,885**	**67,299**	**34,280**	**58,110**	**808,894**
Annual average depreciation rates	**4.7%**	**11.1%**	**12.7%**	**16.2%**	**26.0%**	**-**	

8. Intangible assets

Accounting Practices

Goodwill

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

(In thousands of reais, unless otherwise stated)

Contractual relationships

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

Software and projects

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

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

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

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

							B3
Changes	**Goodwill (2)**	**Software development internally generated**	**Software internally generated – projects completed**	**Softwares**	**Contractual relations**	**Trademarks**	**Total**
Balances at December 31, 2019	**22,338,799**	**239,497**	**3,625,765**	**121,937**	**24,680**	**17,428**	**26,368,106**
Additions	-	137,458	-	69,436	-	-	206,894
Write-offs	-	-	(5,596)	(15)	-	-	(5,611)
Transfers	-	(126,282)	87,045	39,237	-	-	-
Impairment	-	-	(67,723)	-	-	-	(67,723)
Amortization	-	-	(839,891)	(64,264)	(9,872)	(17,428)	(931,455)
Other	-	2,755	(22)	(311)	-	-	2,422
Balances at December 31, 2020	**22,338,799**	**253,428**	**2,799,578**	**166,020**	**14,808**	**-**	**25,572,633**
Additions	-	134,743	-	22,724	-	-	157,467
Write-offs	-	-	(18,555)	-	-	-	(18,555)
Transfers	-	(252,477)	252,477	-	-	-	-
Reclassification (Note 7)	-	-	-	19	-	-	19
Amortization	-	-	(842,645)	(92,542)	(9,872)	-	(945,059)
Other	-	3,368	-	(340)	-	-	3,028
Balances at December 31, 2021	**22,338,799**	**139,062**	**2,190,855**	**95,881**	**4,936**	**-**	**24,769,533**
At December 31, 2021							
Cost	22,338,799	139,062	6,302,092	535,201	54,221	190,131	29,559,506
Accumulated amortization	-	-	(4,111,237)	(439,320)	(49,285)	(190,131)	(4,789,973)
Net book balance	**22,338,799**	**139,062**	**2,190,855**	**95,881**	**4,936**	**-**	**24,769,533**
Annual average amortization rates	**-**	**-**	**15.8%**	**13.7%**	**17.3%**	**-**	
At December 31, 2020							
Cost	22,338,799	253,428	6,078,619	713,938	54,222	190,131	29,629,137
Accumulated amortization	-	-	(3,279,041)	(547,918)	(39,414)	(190,131)	(4,056,504)
Net book balance	**22,338,799**	**253,428**	**2,799,578**	**166,020**	**14,808**	**-**	**25,572,633**
Annual average amortization rates	**-**	**-**	**14.2%**	**29.4%**	**17.3%**	**-**	

(In thousands of reais, unless otherwise stated)

							Consolidated
Changes	Goodwill (2)	Software development internally generated	Software internally generated – projects completed	Softwares	Contractual relations	Trademarks	Total
Balances at December 31, 2019	**22,416,150**	**239,496**	**3,649,476**	**126,196**	**38,792**	**17,439**	**26,487,549**
Acquisition of subsidiaries	1,665	-	-	606	2,309	-	4,580
Additions	-	139,906	-	80,428	-	-	220,334
Write-offs	-	-	(5,596)	(15)	-	-	(5,611)
Transfers	-	(126,282)	88,680	38,078	(476)	-	-
Impairment	(9,251)	-	(73,963)	-	-	-	(83,214)
Amortization	-	-	(843,926)	(68,370)	(12,218)	(17,429)	(941,943)
Other	(37)	2,755	(22)	(311)	-	-	2,385
Balances at December 31, 2020	**22,408,527**	**255,875**	**2,814,649**	**176,612**	**28,407**	**10**	**25,684,080**
Acquisition of subsidiaries (Note 6(a))	1,196,732	100,814	298,902	2,764	-	134,043	1,733,255
Additions	-	145,881	14	47,283	-	-	193,178
Write-offs	-	-	(18,555)	(299)	-	-	(18,854)
Transfers	-	(255,818)	255,818	-	-	-	-
Reclassification (Note 7)	-	-	-	19	-	-	19
Impairment (1)	(1,665)	-	(454)	-	(1,995)	-	(4,114)
Amortization recapitalization		-	-	-	-	-	-
Amortization	-	-	(846,420)	(101,427)	(12,323)	-	(960,170)
Other	-	3,368	-	(342)	-	-	3,026
Balances at December 31, 2021	**23,603,594**	**250,120**	**2,503,954**	**124,610**	**14,089**	**134,053**	**26,630,420**
At December 31, 2021							
Cost	23,603,594	250,120	6,704,905	584,480	69,293	324,184	31,536,576
Accumulated amortization	-	-	(4,200,951)	(459,870)	(55,204)	(190,131)	(4,906,156)
Net book balance	**23,603,594**	**250,120**	**2,503,954**	**124,610**	**14,089**	**134,053**	**26,630,420**
Annual average amortization rates	**-**	**-**	**15.8%**	**13.7%**	**17.3%**	**-**	
At December 31, 2020							
Cost	22,408,527	255,875	6,100,194	734,744	71,288	190,141	29,760,769
Accumulated amortization	-	-	(3,285,545)	(558,132)	(42,881)	(190,131)	(4,076,689)
Net book balance	**22,408,527**	**255,875**	**2,814,649**	**176,612**	**28,407**	**10**	**25,684,080**
Annual average amortization rates	**-**	**-**	**14.2%**	**29.4%**	**17.3%**	**-**	

(1) At December 31, 2021, significant variables of future cash flow projections of the cash-generating units Bovespa Holding and CETIP (UTVM and UFIN) were reviewed, and no need to adjust the goodwill amounts was identified.

On the same base date, the future cash flow projections of Portal de Documents (acquired in 2019) and CED (acquired in 2020) were also evaluated. In CED alone we identified that the expected future profitability is lower than its carrying amount, thus requiring an adjustment in goodwill in the amount of R$1,665, and in the revaluation surplus recognized for the platform and customer relationship, in the amount of R$2,449.

All assumptions for the projected cash flow period were based on the most recent budget, performance analysis, market expectations and B3's strategies.

	Goodwill book value 12/31/2020	Discount rate (Before taxes)	Discount rate (after taxes)	Projective period (years)	Perpetuity
Bovespa Holding	14,401,628	13.9%	11.4%	10	5.7%
CETIP (UTVM and UFIN)	7,937,171	14.2% up to 14.4%	11.7% up to 12.1%	5	5.9%
Other*	69,728	13.3% up to 13.9%	11.0% up to 11.6%	5	5.9%
	22,408,527				

(*) Portal de Documentos and CED

(In thousands of reais, unless otherwise stated)

	Goodwill book value 12/31/2021	Discount rate (Before taxes)	Discount rate (after taxes)	Projective period (years)	Perpetuity
Bovespa Holding	14,401,628	14.1%	11.4%	10	6.0%
CETIP (UTVM and UFIN)	7,937,171	14.7%	11.9% up to 12.1%	5	6.5%
Neoway	1,196,732	13.6%	12.4%	10	4.2%
Portal de Documentos	68,063	13.6%	11.4%	5	6.5%
	23,603,594				

Management carried out sensitivity analyses to determine the impacts of changes in the three main variables that affect the calculated value in use:

a. Discount rate: weighted average cost of capital for each unit. Sensitivity in increase of 100bps;
b. Perpetuity: rate equivalent to nominal GDP in the long term. Sensitivity in reduction of 50bps;
c. Revenue growth: average annual revenue growth rate in the projected period. Sensitivity in reduction of 15%.

Bovespa Holding

The goodwill generated on the acquisition of Bovespa Holding in 2008, grounded on expected future profitability and an economic and financial appraisal report on the investment, was R$16,064,309. At December 31, 2015, the test based on an appraisal report, then prepared by independent experts, identified the need to reduce the recoverable amount of Bovespa Holding by R$1,662,681 and, consequently, the goodwill book value corresponded to R$14,401,628.

B3 understands that a projection period of ten years is based on the perception that the Brazilian capital markets in the variable income segment should experience prolonged growth, reflecting the time required for indicators such as participation of shares in the investor portfolios, and Brazil's Market Cap/GDP ratio, among others, may reach levels observed in other countries, indicating that long-term maturity has been reached.

The assumptions of the cash flow projective period also consider the expectation of growth and development of the capital markets in Brazil.

The sensitivity scenarios disclosed values in use of the CGU above the book value.

CETIP

The goodwill generated on the acquisition of CETIP in March 2017, amounting to R$7,937,171, is based on the expectation of future profitability and the Purchase Price Allocation (PPA) report, with R$5,041,133 allocated for CETIP UTVM and R$2,896,038 for CETIP UFIN.

The assumptions of the cash flow projective period also consider the expectation of growth of the fixed income, automotive and real estate market in Brazil.

The sensitivity scenarios disclosed values in use of CGUs above the book value.

Neoway

Goodwill generated on the acquisition of Neoway in December 2021, in the amount of R$1,196,732, is based on expected future profitability and on a Purchase Price Allocation (PPA) report.

The assumptions for the cash flow projection period also consider the expected growth of the Big Data Analytics and Artificial Intelligence markets in Brazil.

Subsidiaries - Portal de Documentos and CED

The goodwill generated on the acquisition of Portal de Documentos (R$68,063 in June 2019) is based on expected future profitability and the Purchase Price Allocation (PPA) report.

As of December 31, 2021, the main variables of the future cash flow projections of Portal de Documents (expectation of growth in the real estate sector and collection) were reviewed and compared to the investment book values of R$115,234.

The sensitivity analyzes of the discount rate and perpetuity and revenue growth revealed values in use by companies above the book value for Portal de Documents.

The goodwill generated on the acquisition of CED (R$1,665 in June 2020) was calculated based on estimates prepared internally. As at December 31, 2021, Portal de Documentos impairment test, conducted internally, identified the need to record impairment in the total amount.

9. Loans and financing

Accounting Practices

Loans and financing

These are initially recognized at fair value, net of transaction costs incurred, and subsequently measured at amortized cost. Any difference between the amount raised (net of transaction costs) and the settlement amount is recognized in the statement of profit or loss for the period in which loans are outstanding, under the effective interest method. When there are immaterial changes in contractual terms, the difference between the book balance and the remeasured financial liability is recognized as a gain or loss in P&L for the period, however, if the changes in contractual terms are material, the original instrument is written off and a new financial liability is recognized, with possible impacts recognized in P&L for the year.

Leases

Lease liabilities are measured at the present value of future payments restated according to the projected contractual correction indexes or rates. The lease liability is recorded against the right-of-use asset (property and equipment).

(In thousands of reais, unless otherwise stated)

Lease liability is remeasured on the occurrence of events such as change in lease term, change in future payments, change in an index or rate used to determine the payments. The remeasurement amount is recognized as an adjustment to the right-of-use asset.

The interest incurred is recorded as a financial expense and the payments made reduce the book value of the lease liability. The payment of short-term contracts (12 months or less) is recognized as an expense when incurred.

						B3
Changes	Foreign debt	Debentures	Loans involving subsidiary	Bank credit note	Other loans	Total
Balance at December 31, 2019	**2,519,416**	**1,208,045**	**1,902,517**	**-**	**27,619**	**5,657,597**
Additions and appropriation of interest	109,082	81,428	97,848	28,504	1,704	318,566
Issue and contracting	-	3,755,000	-	1,250,000	-	5,005,000
Leases	-	-	-	-	4,646	4,646
Borrowing costs	-	(33,677)	-	-	-	(33,677)
Amortization of borrowing costs	1,301	3,766	-	-	91	5,158
Amortization of interest	(160,227)	(39,094)	(82,480)	-	(854)	(282,655)
Amortization of principal	(3,301,846)	-	-	-	(10,069)	(3,311,915)
FX differences	-	-	537,670	-	-	537,670
FX diferences - Fair value hedge	806,249	-	-	-	-	806,249
FX differences - Cash flow hedge	6,534	-	-	-	-	6,534
Present value adjustment - Fair value hedge	19,491	-	-	-	-	19,491
Balance at December 31, 2020	**-**	**4,975,468**	**2,455,555**	**1,278,504**	**23,137**	**8,732,664**
Additions and appropriation of interest	52,659	422,039	85,677	86,044	1,020	647,439
Issue and contracting	3,733,240	3,000,000	-	-	-	6,733,240
Leases	-	-	-	-	(1,671)	(1,671)
Borrowing costs	(24,921)	(13,316)	-	-	-	(38,237)
Amortization of borrowing costs	671	10,544	-	-	77	11,292
Amortization of interest	-	(296,025)	(84,527)	(60,710)	(658)	(441,920)
Amortization of principal	-	-	-	-	(6,259)	(6,259)
FX diferences	-	-	180,113	-	-	180,113
FX differences - Cash flow hedge	173,110	-	-	-	-	173,110
Balance at December 31, 2021	**3,934,759**	**8,098,710**	**2,636,818**	**1,303,838**	**15,646**	**15,989,771**
At December 31, 2021						
Current	50,172	2,532,325	17,928	53,838	5,457	2,659,720
Noncurrent	3,884,587	5,566,385	2,618,890	1,250,000	10,189	13,330,051
Book Balance	**3,934,759**	**8,098,710**	**2,636,818**	**1,303,838**	**15,646**	**15,989,771**
At December 31, 2020						
Current	-	42,469	16,780	28,504	6,876	94,629
Noncurrent	-	4,932,999	2,438,775	1,250,000	16,261	8,638,035
Book Balance	**-**	**4,975,468**	**2,455,555**	**1,278,504**	**23,137**	**8,732,664**

(In thousands of reais, unless otherwise stated)

						Consolidated
Changes	**Foreign debt**	**Debentures**	**Loans involving subsidiary**	**Bank credit note**	**Other loans**	**Total**
Balance at December 31, 2019	**2,519,416**	**1,208,045**	**606,589**	**-**	**30,497**	**4,364,547**
Additions and appropriation of interest	109,082	81,428	26,728	28,504	1,947	247,689
Issue and contracting	-	3,755,000	-	1,250,000	-	5,005,000
Leases	-	-	-	-	5,353	5,353
Borrowing costs	-	(33,677)	-	-	-	(33,677)
Amortization of borrowing costs	1,301	3,766	-	-	91	5,158
Amortization of interest	(160,227)	(39,094)	(28,598)	-	(854)	(228,773)
Amortization of principal	(3,301,846)	-	-	-	(10,859)	(3,312,705)
FX differences	-	-	174,900	-	-	174,900
FX differences - Fair value hedge	806,249	-	-	-	-	806,249
FX differences - Cash flow hedge	6,534	-	-	-	-	6,534
Present value adjustment - Fair value hedge	19,491	-	-	-	-	19,491
Balance at December 31, 2020	**-**	**4,975,468**	**779,619**	**1,278,504**	**26,175**	**7,059,766**
Additions and appropriation of interest	52,659	422,039	23,444	86,044	1,273	585,459
Issue and contracting	3,733,240	3,000,000	-	-	-	6,733,240
Leases	-	-	-	-	298	298
Borrowing costs	(24,921)	(13,316)	-	-	-	(38,237)
Amortization of borrowing costs	671	10,544	-	-	77	11,292
Amortization of interest	-	(296,025)	(22,058)	(60,710)	(658)	(379,451)
Amortization of principal	-	-	-	-	(7,419)	(7,419)
FX differences	-	-	57,570	-	-	57,570
FX differences - Cash flow hedge	173,110	-	-	-	-	173,110
Acquisition of subsidiary	-	-	-	-	3,012	3,012
Balance at December 31, 2021	**3,934,759**	**8,098,710**	**838,575**	**1,303,838**	**22,758**	**14,198,640**
At December 31, 2021						
Current	50,172	2,532,325	559,550	53,838	8,544	3,204,429
Noncurrent	3,884,587	5,566,385	279,025	1,250,000	14,214	10,994,211
Book Balance	**3,934,759**	**8,098,710**	**838,575**	**1,303,838**	**22,758**	**14,198,640**
At December 31, 2020						
Current	-	42,469	872	28,504	7,556	79,401
Noncurrent	-	4,932,999	778,747	1,250,000	18,619	6,980,365
Book Balance	**-**	**4,975,468**	**779,619**	**1,278,504**	**26,175**	**7,059,766**

B3 complied with all covenants in the loan and financing agreements, and there have been no events that resulted in changes in payment conditions.

Debt abroad

In September 2021, B3 raised USD700,000 through the issue of debt securities in the international market (Senior Unsecured Notes) linked to sustainability goals (sustainability-linked notes), with payment of semiannual interest, interest rate of 4.125% per year and full repayment at September 2031. The issue is part of the ordinary management of the businesses and aims to diversify B3's funding sources together with attractive financing conditions. At December 31, 2021, the outstanding balance was R$3,934,759.

(In thousands of reais, unless otherwise stated)

The sustainability goals that may have an impact on interest rates are (i) create and offer diversity until December 2024. In case this goal is not achieved, as from September 2025, interest rates will increase by 12.5 bps; and (ii) increase the percentage of women in leadership roles at B3 to at least 35% until December 2026. In case this goal is not achieved, as from September 2027, interest rates will increase by 12.5 bps.

Debentures

	Interest rate (p.a.)	Premium (1)	Issue date	Interest amortization	Principal amortization	Total issue	12/31/2021	12/31/2020
2nd issue (single series) (2)	102.80% of CDI	0.10% p.a.	May/2019	Semiannual (May and Nov)	May/2022	1,200,000	1,215,839	1,203,292
3rd issue (single series)	CDI + 1.75%	0.55% p.a.	Aug/2020	Semiannual (Fev and Aug)	Aug/2022 Aug/2023 Aug/2024	3,550,000	3,641,159	3,567,060
4th issue (series DI)	CDI + 1.30%	0.65% p.a.	Dec/2020	Monthly	Dec/2030	41,775	41,129	41,759
4th issue (series IPCA)	IPCA+3.90%	0.65% p.a.	Dec/2020	Monthly	Dec/2028 Dec/2029 Dec/2030	163,225	177,253	163,357
5th issue - 1st series	CDI + 1.17%	0.30% p.a.	May/2021	Semiannual (May and Nov)	May/2024	1,552,230	1,564,125	-
5th issue - 2nd series	CDI + 1.39%	0.30% p.a.	May/2021	Semiannual (May and Nov)	May/2025 May/2026	1,447,770	1,459,205	-
						7,955,000	**8,098,710**	**4,975,468**

(1) Premium in case of redemption and early amortization calculated on the remaining term of the debentures.

(2) The indenture was issued providing for a 30-year term and a renegotiation clause scheduled for May 2022.

Loans involving subsidiary - CETIP Lux

	Interest rate (p.a.)	Issue date	Interest amortization	Principal amortization	Total issue	Balances in 12/31/2021	Balances in 12/31/2020
CETIP Lux	2.30%	Dec/2015	Quarterly	Jan/2023	USD 64,493	359,972	335,224
CETIP Lux	3.50%	Sep/2016	Quarterly	Sep/2023	USD 150,000	852,005	793,408
CETIP Lux	3.50%	Sep/2016	Annual	Sep/2023	USD 254,800	1,424,841	1,326,923
						2,636,818	**2,455,555**

(In thousands of reais, unless otherwise stated)

Bank loans

	Interest rate (p.a.)	Issue date	Interest amortization	Principal amortization	Total issue	Balances in 12/31/2021	Balance in 12/31/2020
CETIP Lux I	2.50%	Aug/2014	Quarterly	Aug/2022	USD 100,000	558,662	518,908
CETIP Lux II	3.47%	Sep/2019	Quarterly	Sep/2023	USD 50,000	279,913	260,711
						838,575	**779,619**

Bank Credit Note (CCB)

In September 2020, B3 raised funds by issuing a Bank Credit Bill in favor of a low credit risk financial institution, at the rate and nominal value of CDI + 2.50% per year, and R$1,250,000, respectively, with full amortization in July 2023 and payment of semiannual interest.

At December 31, 2021, the debt balance of the bank credit bill was R$1,303,838 (R$1,278,504 in December 2020), the payment schedule and obligations established in the loan agreement were fully honored, with no default events until the respective date.

10. Other obligations

	B3		Consolidated	
	2021	**2020**	**2021**	**2020**
Current				
Repurchase agreements (1)	-	-	430,764	705,139
Demand deposits (2)	-	-	329,655	249,588
Amounts to be transferred - Direct Treasury	95,210	58,872	95,210	58,872
Future installments (3)	47,181	19,582	47,181	19,582
Payables - Acquisition of subsidiary (Note 6(a))	36,082	-	36,082	-
Synergy transfer	24,929	24,969	24,929	24,969
Amounts to be transferred - Arbitration Chamber	20,056	19,774	20,056	19,774
Payables - CME/ICE	13,637	61,224	13,637	61,224
Amounts to be transferred - Incentives	6,474	27,984	6,474	27,984
Repurchase to settle - Treasury shares	-	24,780	-	24,780
Other	44,562	26,555	74,134	44,623
Total	**288,131**	**263,740**	**1,078,122**	**1,236,535**
Noncurrent				
Escrow - Acquisition of subsidiary (Note 6(a))	475,784	-	475,784	-
Future installmets (3)	-	21,412	-	21,412
Payables - Acquisition of subsidiary (Note 6(a))	6,439	-	6,439	-
Payables - CME/ICE	1,293	5,326	1,293	5,326
Other	-	-	535	715
Total	**483,516**	**26,738**	**484,051**	**27,453**

(1) These refer to open market funding made by Banco B3, comprising repurchase agreements maturing on January 3, 2022 (2020 - January 4, 2021) and backed by Financial Treasury Bills (LFT), National Treasury Bills (LTN), and National Treasury Notes (NTN) - serie B.

(2) These refer to demand deposits held by legal entities at Banco B3 with the sole purpose of settlement of clearing operations held within B3 and the Special System for Settlement and Custody (SELIC), pursuant to BACEN Circular Letter No. 3196 of July 21, 2005.

(3) These refer to the remaining balance due for the acquisition of Portal de Documentos. The fair value of future portions is reviewed and calculated using the Monte Carlo Method ("MMC").

11. Provisions for tax, civil and labor contingencies, contingent assets and liabilities, judicial deposits and other provisions

Accounting Practices

The recognition, measurement, and disclosure of provisions for tax, civil and labor contingencies, contingent assets and liabilities, and legal obligations comply with the criteria defined in CPC 25/IAS 37. Provisions are recognized when: (i) B3 has a present (legal or constructive) obligation arising from past events; (ii) the settlement of which is expected to result in an outflow of resources; and (iii) the amount involved can be reliably estimated.

Contingent liabilities are not recognized, as outflows of funds are not expected to be required for their settlement or it is not possible to measure the amount of the obligation reliably, however, they are disclosed in explanatory information when the likelihood of an outflow of fund is possible. In significant cases where the likelihood of loss is assessed as remote, B3 practice is to disclose them.

Contingent assets are not recognized in the financial statements due to uncertainties about their realization.

a) *Contingent assets*

B3 has no contingent assets recognized in its balance sheet and, at present, no lawsuits which are expected to give rise to significant future gains.

b) *Provisions for tax, civil, and labor contingencies*

B3 and its subsidiaries are defendants in a number of legal and administrative proceedings involving labor, tax and civil matters arising in the ordinary course of business.

Legal and administrative proceedings are classified according to their likelihood of loss as probable, possible and remote, based on a periodical assessment made in accordance with B3's contingency assessment guidelines, which also takes into account the analysis of external law firms responsible for the lawsuits, and is subsequently submitted to its Audit Committee and Supervisory Board, and approved at a meeting of the Board of Directors.

(In thousands of reais, unless otherwise stated)

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

(i) Labor claims mostly relate to claims filed by former employees of B3 and employees of outsourced service providers, because of alleged noncompliance with labor legislation.

(ii) Civil proceedings mainly relate to aspects of civil liability of B3 and its subsidiaries, as well as to the cancellation of units of interest of former members of the then CETIP Associação.

(iii) Tax proceedings for which provisions are recorded address the levy of PIS and COFINS on B3's revenues.

c) *Legal obligations*

The legal obligations are represented by five groups of proceedings in which B3 and its subsidiaries claim: (i) the unconstitutionality of the broadening of the COFINS (Contribution Tax on Gross Revenue for Social Security Financing) base by Law No. 9718; (ii) ISS (Service Tax) not being levied on activities involving holding, registration of securities and other services; (iii) the unconstitutionality of PIS (Contribution Tax on Gross Revenue for Social Integration Program) and COFINS levied on the ISS; (iv) the removal of limitations to the IRPJ (Corporate Income Tax) benefit from the Worker's Meal Program (PAT); and (v) the removal of IRPJ and CSLL (Social Contribution Tax on Net Profit) on the amounts relating to the Central Bank's benchmark rate (Selic) received due to refund of taxes unduly overpaid or judicial deposit.

d) *Other provisions*

B3 has contracts that provide for the payment of attorneys' success fees arising from tax and civil proceedings, in which B3 figures as defendant. Within its best estimates, B3 determined and provisioned the amounts for which it understands that there is likelihood of future disbursement, related to attorneys' success fees from proceedings whose likelihood of loss is assessed as possible and remote.

e) *Changes in balances*

Changes in provisions for contingencies and legal obligations are broken down as follows:

						B3
Changes	**Civil (1)**	**Labor**	**Legal Obligations (2)**	**Tax (3)**	**Other provisions**	**Total**
Balances at December 31, 2019	**548,678**	**31,634**	**184,605**	**24,731**	**76,651**	**866,299**
Provisions	6,448	1,511	14,072	35,667	7,540	65,238
Provision expenditure	(147,513)	(1,812)	-	(16,035)	(7,927)	(173,287)
Reversal of provisions	(367,727)	(227)	-	-	(7,627)	(375,581)
Restatement	131,895	2,944	4,947	2,342	5,944	148,072
Balances at December 31, 2020	**171,781**	**34,050**	**203,624**	**46,705**	**74,581**	**530,741**
Provisions	5	2,302	21,537	-	10,038	33,882
Provision expenditure	(114)	(3,335)	(19,237)	(21,541)	(3,895)	(48,122)
Reversal of provisions	(53,866)	(1,533)	(7,435)	(19,289)	(1,378)	(83,501)
Restatement	(13,554)	(3,039)	9,895	3,490	5,467	2,259
Balances at December 31, 2021	**104,252**	**28,445**	**208,384**	**9,365**	**84,813**	**435,259**

(In thousands of reais)

						Consolidated
Changes	**Civil (1)**	**Labor**	**Legal Obligations (2)**	**Tax (3)**	**Other provisions**	**Total**
Balances at December 31, 2019	**548,804**	**31,640**	**184,773**	**24,731**	**80,262**	**870,210**
Provisions	6,463	1,511	14,228	36,109	7,565	65,876
Provision expenditure	(147,580)	(1,812)	-	(16,133)	(7,927)	(173,452)
Reversal of provisions	(367,767)	(227)	-	-	(7,664)	(375,658)
Restatement	131,905	2,945	4,952	2,360	6,726	148,888
Balances at December 31, 2020	**171,825**	**34,057**	**203,953**	**47,067**	**78,962**	**535,864**
Provisions	45	2,302	22,040	193	10,360	34,940
Provision expenditure	(114)	(3,335)	(19,237)	(21,541)	(3,895)	(48,122)
Reversal of provisions	(53,866)	(1,533)	(7,435)	(19,289)	(1,404)	(83,527)
Restatement	(13,543)	(3,038)	9,920	3,520	6,300	3,159
Merger of subsidiary	14,018	-	-	-	-	14,018
Balances at December 31, 2021	**118,365**	**28,453**	**209,241**	**9,950**	**90,323**	**456,332**

(1) In April 2021, as a result of a favorable court decision to B3 in the Appeal to the lawsuit filed by a former member of the then called CETIP Associação, in the amount of R$53,616, which accepted the statute of limitation pleaded the defendant B3, the likelihood of loss was changed from probable to possible and, consequently, the provision recorded in profit or loss (R$1,856 in expenses and R$55,472 in revenue, since it refers to prior periods was reversed).

(2) In November of 2021, due to the final and unappealable unfavorable decision to the case in which the Company claimed recognition of ISS not being levied on activities associated with the registration of securities by CETIP in the municipality of Rio de Janeiro, the legal obligation and the respective judicial deposit made for the aforementioned proceeding, amounting to R$19,237, were derecognized and converted into income to the Municipality of Rio de Janeiro.

(3) In June 2021, B3 applied to the Incentive Program for Payment in Installments (PPI) of the São Paulo City Administration and included the Service Tax (ISS) assessment notices relating to the Over-the-Counter activities developed by the then Clearing House for the Custody and Financial Settlement of Securities (CETIP) in 2016, when transferred the marketable securities unit (UTVM) to Barueri. Accordingly, the amounts used totaling R$21,541 and the reversal of provision totaling R$19,289 (R$3,314 in expenses and R$15,975 in revenue, as these are prior-period figures) correspond respectively to the amounts paid and the discount obtained under the PPI program.

According to the characteristic of the provisions, there is no forecast for the time of cash disbursement, if it occurs.

f) Possible losses

The proceedings assessed as possible loss are so classified as a result of uncertainties surrounding their outcome. They are legal or administrative proceedings for which case law has not yet been established or which still depend on check and analysis of the facts, or even involve specific aspects that reduce the likelihood of loss.

B3 and its subsidiaries are parties to tax, civil and labor lawsuits involving risks of loss classified as possible, based on the assessment of B3's legal department and external legal advisors, for which no provision has been recorded. These proceedings comprise mainly the following:

(i) At December 31, 2021, lawsuits classified as possible loss, before tax effects, amount to R$13,861 in B3 (R$13,851 at December 31, 2020) and R$15,102 in consolidated (R$14,652 at December 31, 2020). Labor claims mostly relate to claims filed by former employees of B3 and of outsourced service providers, on account of alleged noncompliance with labor legislation.

(ii) The amount involved in civil proceedings classified as possible losses, before tax effects, at December 31, 2021 totals R$33,703,609 in B3 (R$213,458 at December 31, 2020) and R$33,734,014 in the Consolidated (R$227,847 at December 31, 2020). The key civil proceedings refer to the issues described below.

- B3 is a defendant in three class action suits and two civil class actions filed against the then BM&F, in order to investigate alleged losses to the Federal treasury arising from transactions carried out by the Central Bank of Brazil in January 1999, in the dollar futures market.

    - In March 2012, the aforementioned claims were granted at the lower court, sentencing the majority of the defendants in these proceedings, including BM&F. The combined total of the five proceedings reached the historical amount of R$8,423,800, which would represent the restated amount of R$94,463,407.

    - In June 2017, the Federal Regional Court decided in favor of the appeals filed by B3, thus overturning the sentences and removing its responsibility for compensation for any damages to the Federal treasury.

    - The Federal Prosecutor's Office (MPF) filed appeals to the High Court of Justice and an appeal to the Supreme Court against the decisions that overturned the sentences in all cases. The appeal to the High Court of Justice lodged by the MPF on one of the class action suits was analyzed and not granted by a final decision favorable to B3, thus dismissing such proceeding that reached the historical amount of R$5,431,000, representing the restated amount of R$60,992,331. There are currently four (4) suits in progress, two (2) of which are class action suits and two (2), civil class actions. The appeals to the High Court of Justice and to the Supreme Court related to these proceedings were granted in the preliminary judgment at the Federal Regional Court of the 1st Chapter (TRF1), regarding their admissibility and, if the case, the merits. Two of the proceedings have already been assigned to the STJ. The assignment of the other proceedings is being expected so that a joint judgment may take place.

    - In December 2020 and April 2021, two (2) opinions of the MPF were added to the court records, whereby the appeals to the High Court of Justice were assessed as granted. In 2Q21, the law firm in charge of the proceedings recommended the reclassification of the likelihood of loss on the cases from remote to possible. B3 consulted its independent legal advisors, who endorsed such recommendation. After assessment and approval at all internal levels, B3 reclassified the likelihood of loss on the four (4) proceedings in progress from remote to possible.

    - The contingency currently totals R$33,471,076 (December 2021), which will possibly be reduced due to the gains that the Central Bank of Brazil obtained as a result of not using the international reserves, and from the tax effects in the event of the materialization of the contingency.

- The other proceedings assessed as possible loss address matters related to the civil liability of B3 and its subsidiaries (R$8,687 in December 2021), as well as the cancelation of shares of former associates of the then CETIP Associação (R$223,844 in December 2021).

(In thousands of reais)

(iii) The total amount involved in the tax proceedings, before tax effects, assessed as possible loss amounts to R$15,063,468 in B3 (R$12,677,629 at December 31, 2020) and R$15,065,329 in the Consolidated (R$12,678,469 at December 31, 2020). The main tax proceedings of B3 and its subsidiaries refer to the following matters:

- Between 2010 and 2021, B3 received five tax assessment notices from the Brazilian Internal Revenue Service (RFB), challenging the amortization, for tax purposes, of goodwill arising from the merger of Bovespa Holding S.A. shares into B3 in May 2008. On May 15, 2020, an unfavorable decision was handed down in the annulment action filed by B3 in the lawsuit described in item (1), reason why B3 started to attribute possible loss risk to the lawsuits that challenge the goodwill tax amortization. The independent and autonomous progress of the legal and administrative proceedings that discuss the amortization of goodwill generated due to merger of Bovespa Holding S.A. shares may affect each proceeding's classification in a different manner. The amounts involved in each tax proceeding are broken down as follows:

Period of tax amortization challenged	Amounts referring to administrative proceedings	
	2021	**2020**
2008 and 2009 (1)	1,388,802	1,358,094
2010 and 2011 (2)	2,824,035	2,752,174
2012 and 2013 (3)	3,552,963	3,444,207
2014, 2015 and 2016 (4)	4,512,716	4,353,638
2017 (5)	209,165	-
Total	**12,487,681**	**11,908,113**

(1) B3 filed an appeal with the Judiciary through an action for annulment on April 23, 2018, against an unfavorable decision to B3 in the Câmara Superior de Recursos Fiscais do (CARF) issued in the notice of infraction issued on November 29, 2010. On June 12, 2018, the preliminary injunction granted suspended the collectability of the tax credit. On May 22, 2020, Motion for clarification was filed, which was judged unfavorably. On October 2, 2020, Tax Enforcement was filed. On October 27, 2020, the Request for Guardianship Appeals was granted by TRF1 and the tax credit requirement was suspended. Currently, the request for extinction of the tax foreclosure is awaited, due to the suspension of the tax credit requirement, and the judgment of the Appeal (Annulment Action).

(2) On June 22, 2017, CARF granted the Voluntary Appeal filed by B3 and, on August 11, 2019, the Higher Board of Tax Appeals (CSRF) dismissed B3's appeal upon granting the Appeal to the High Court of Justice lodged by the National Treasury General Attorney's Office (PGFN). The return of the case records to the Lower House was determined for judgment of secondary matters not considered in the judgment of the Voluntary Appeal. Currently, a new judgement is pending by the Lower House, period in which the debt remains under suspended enforceability.

(3) In October 2017, the Company filed a related administrative protest, for which an unfavorable to the B3 decision was handed down by the Brazilian IRS Judgment Office ("DRJ"), upholding the notice. On October 16, 2019, the lower panel of the Administrative Board of Tax Appeals (CARF) issued a decision granting the Voluntary Appeal filed by B3.

(4) In November 2019, B3 filed the competent administrative appeal, which was tried on June 10, 2020 against B3 by the Brazilian IRS Judgment Office (DRJ). B3 currently awaits the decision by CARF on the Voluntary Appeal filed by B3.

(5) Tax assessment notice received in October 2021 by B3, as communicated to the market on October 27, 2021, in which the Brazilian Internal Revenue Service (RFB) questions the amortization, for tax purposes, in 2017, of the goodwill from the business combination with Bovespa Holding S.A. in May 2008, in the total amount of R$204,342, charging an isolated fine on the IRPJ and CSLL amounts. The tax entry comprised only the isolated fine, as B3 recorded tax loss for the calendar year 2017, which was later used between 2019 and 2021. Thus, unlike the other years, when assessment notices were issued, the goodwill portion relating to 2017 that had been questioned (approximately R$1.6 billion) was fully discounted from the tax loss balance. The challenge was filed in November 2021 and awaits trial.

B3 constitutes a deferred tax liability on the temporary difference between the tax base of goodwill and the book value (Note 16).

- Classification of the former Bovespa, in the period prior to the IPO operations, as taxpayer of the Contribution Tax on Gross Revenue for Social Security Financing (COFINS), which is the subject matter of a declaratory judgment actions pleading the declaration that the plaintiff has no tax obligations owed to the federal tax authority and seeking non-levy of COFINS on revenue arising from the exercise of the activities for which it was established, the revenue of which does not fall under the concept of billing. The amount involved in referred to proceeding as of December 31, 2021 is R$57,067 (R$55,994 at December 31, 2020).

- Collection of Withholding Income Tax (IRRF) relating to the calendar years 2008 and 2017, since the Brazilian IRS understands that B3 would be responsible for withholding and paying IRRF on the alleged capital gains earned, respective, by non-resident investors of Bovespa Holding S.A. and CETIP, due to the merger of this companies shares into B3. In relation to the 2008 merger of shares in Bovespa Holding S.A., B3 appealed on November 26, 2018, to the Judiciary against the decision issued by the Administrative Board of Tax Appeals (CARF), which maintained referred to tax delinquency notice, having obtained a preliminary injunction suspending payment of the tax credit. The amount involved in this administrative proceeding at December 31, 2021 is R$239,115 (R$233,947 at December 31, 2020). In relation to the case of merger of shares of CETIP, an appeal was filed in January 2022, which is awaiting judgment. The amount involved, in December 2021, is R$501,452.

(In thousands of reais)

- IRPJ and CSLL tax deficiency notice, relating to the calendar years 2015 and 2016, challenging the calculation of the capital gain determined upon disposal, in 2015, of 20% of the CME's shares and, in 2016, of remaining shares of CME held by the then BM&FBOVESPA. According to the tax authority, the foreign exchange difference of the investment accounted for could not have been used as an acquisition cost for the purposes of calculating the taxable capital gain. B3 filed, for the case of 2015, the competent administrative appeal, which was tried predominantly unfounded on December 18, 2020 by the Brazilian IRS Judgment Office (DRJ). B3 filed a Voluntary Appeal to CARF, wich is awaiting judgment. The amount involved in this 2015 administrative proceeding at December 31, 2021 is R$345,436 (R$332,724 at December 31, 2020). Was filed appeal to the case of 2016, in November 2021, wich is awaiting judgment. The amount involved at December 31, 2021 is R$1,195,337 for the case of 2016.

- The Brazilian Internal Revenue Service (RFB) issued in November 2021 four tax assessment notices, in which it questions, for calendar year 2017: (i) the alleged failure to pay social security contributions (INSS and Third Parties) by B3 and CETIP (as B3's successor) on amounts paid (a) as Food Voucher and Meal Voucher (VA/VR) granted to their employees under the Worker's Meal Program (PAT), (b) on profit sharing (PLR), and (c) on any bonuses; (ii) the deductibility of bonuses and other payments made to management members; and (iii) failure to pay IRRF (Withholding Income Tax) on stock options (CETIP) and VA/VR paid to management members. The challenge was filed in December 2021 and awaits trial. The total amount involved as at December 31, 2021 in relation to the four assessment notices is R$82,290.

g) *Judicial deposits*

Accounting Practices

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

Description	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
Legal obligations (1)	146,155	165,073	146,155	165,073
Tax (2)	79,595	78,935	79,834	79,147
Labor	15,642	15,580	15,818	15,739
Civil	7,439	7,199	21,518	7,199
Total	**248,831**	**266,787**	**263,325**	**267,158**

(1) Of the total deposits related to legal obligations, R$142,684 (R$136,328 at December 31, 2020) refers to the proceeding that challenges non-levy of ISS on the activities involving holding, registration of securities, among others.

(2) Of the total judicial deposits of B3, the following are highlighted: R$57,067 (R$55,994 at December 31, 2020) referring to proceedings challenging the classification of former Bovespa as subject to the payment of COFINS, which are assessed as possible loss by B3 (Note 11(f)).

We stress that the tax-related judicial deposits comprise, in addition to the proceedings classified as probable loss and legal obligations, the proceedings whose likelihood of loss is rated as possible.

12. Equity

a) *Capital*

At the Special General Meeting held on May 10, 2021, the split of B3's shares were approved, in the proportion of three common shares for each existing common share, without changing the amount of capital. Thus, the number of shares increased from 2,042,000,000 to 6,126,000,000 registered common shares, with voting rights and without par value, of which 6,073,061,367 were outstanding as at December 31, 2021 (6,102,526,986 at December 31, 2020, considering the share split effect).

Thus, the information below in Notes 12(a), 12(b), 12(f) and 12(g) considers the share split effect on December 30, 2021 and on December 31, 2020.

In the Board of Directors' meeting held on March 04, 2021, cancellation of 51,415,470 shares (Note 12(b)) issued by B3 and held in treasury, which were purchased in connection with the Share Buyback Programs, was approved. As a result of this cancellation, B3's fully subscribed and paid-in capital now amounts to R$12,548,655, represented by 6,126,000,000 common registered shares (6,177,415,470 at December 31, 2020) with voting rights and no-par value.

B3 is authorized to increase its share capital up to the limit of 7,500,000,000 common shares, through a resolution of the Board of Directors, without any amendment to its Articles of Incorporation.

b) *Treasury shares*

Accounting Practices

When B3 shares are repurchased, the amount of the consideration paid and any directly attributable costs, net of tax effects, are recorded in a specific equity reducing account and classified as treasury shares. When treasury shares are disposed of or transferred to the beneficiaries of the stock options and stock option plans, the amount of the consideration received (cash or service) is recognized as an increase in equity, and any gain or loss resulting from the transaction is recorded as capital reserve.

Share buyback program

At a meeting held on March 05, 2020, the Board of Directors approved B3's Share Buyback Program, beginning on March 06, 2020 and ending on February 28, 2021. The limit in the number of shares that may be acquired by B3 was 65,100,000 common shares, representing 1.07% of total outstanding shares. B3 had purchased 49,841,400 shares in the period between March 06, 2020 and February 01, 2021, which represents 76.6% of the total provided for in the buyback program, with 40,557,300 shares in 2020 and 9,284,100 shares in 2021.

In a meeting held on March 04, 2021, the Board of Directors approved B3 Share Buyback Program, beginning on March 05, 2021, and ending on February 28, 2022. The limit of shares that could be acquired by B3 was 82,800,000 common shares, which represent 1.36% of total shares outstanding. Until December 31, 2021, B3 had purchased 30,635,300 shares, which represents 37.0% of the total provided for in the Share Buyback Program approved in March 2021. B3 repurchased shares between January 31st and February 25th, 2022 (Note 22).

(In thousands of reais)

At a meeting held on December 9, 2021, the Board of Directors approved B3's Share Buyback Program, beginning March 1, 2022 and ending February 28, 2023. The limit in the number of shares that may be acquired by B3 is 250,000,000 common shares, representing 4.12% of total outstanding shares.

The shares purchased in connection with the Share Buyback Program may be cancelled or used for transferring shares to the Stock Option Plan beneficiaries.

Changes in treasury shares for the period are as follows:

Changes	Quantity	Amount
Balances at December 31, 2019	**39,119,619**	**196,619**
Shares acquisition – buyback program	47,157,300	798,185
Shares sold – Stock option and stock grant plans	(11,388,435)	(78,172)
Balances at December 31, 2020	**74,888,484**	**916,632**
Shares acquisition – buyback program	39,919,400	729,443
Cancelation of shares (Note 12(a))	(51,415,470)	(702,355)
Shares sold – Stock option and stock grant plans	(10,453,781)	(141,991)
Balances at December 31, 2021	**52,938,633**	**801,729**
Average cost of treasury shares (R$ per share)		15.14
Market value of treasury shares		589,736

c) *Revaluation reserves*

Revaluation reserves were established because of the revaluation of works of art in B3 and of the properties of subsidiary BVRJ in 2007, based on independent experts' appraisal reports.

d) *Capital reserve*

This refers substantially to amounts originated in the merger of Bovespa Holding and CETIP shares in 2008 and 2017, respectively, and other corporate events allowed by the Brazilian Corporation Law, such as (i) capital increase through merger, (ii) redemption, repayment or purchase of shares, and (iii) events associated with the stock option and stock grant plans.

e) *Income reserves*

(i) Legal reserve

Legal reserve is annually set up with allocation of 5% of net income for the year, capped at 20% of capital. The legal reserve aims at ensuring integrity of capital and may only be used to absorb losses and increase capital. The legal reserve is not required to be set up considering that its amount plus the capital reserves exceeds 30% of the Company capital.

(In thousands of reais, unless otherwise stated)

(ii) Statutory reserves

Represent funds and safeguard mechanisms required for the activities of B3, in order to ensure the proper settlement and reimbursement of losses arising from the intermediation of transactions carried out in its trading sessions and/or registered in any of its trading, registration, clearing and settlement systems, and from custody services.

Pursuant to the Articles of Incorporation, the Board of Directors may, when the amount of the statutory reserve is sufficient to meet the purposes for which it was originally established, propose that part of the reserve be distributed to the shareholders of the B3.

f) *Dividends and interest on equity*

Accounting Practices

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

As provided for in the Articles of Incorporation, shareholders are entitled to mandatory minimum dividends of 25% of net income for the year, adjusted under Brazilian Corporation Law.

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

Earning	Date of approval	Date of payment	Gross per share (R$)	Total gross amount	Tax Effect
Interest on equity	03/19/2021	04/08/2021	0.038106	232,500	(79,050)
Interest on equity	06/24/2021	07/07/2021	0.046107	280,000	(95,200)
Dividends	06/24/2021	07/07/2021	0.168544	1,023,538	-
Interest on equity	09/23/2021	10/07/2021	0.044213	268,500	(91,290)
Dividends	09/23/2021	10/07/2021	0.150397	913,336	-
Interest on equity	12/09/2021	01/07/2022	0.049777	302,300	(102,782)
Dividends	12/09/2021	12/30/2021	0.149452	907,628	-
Total for the year 2021				**3,927,802**	**(368,322)**
Interest on equity	03/05/2020	04/07/2020	0.143375	293,000	(99,620)
Interest on equity	06/25/2020	08/07/2020	0.146798	300,000	(102,000)
Interest on equity	09/21/2020	10/07/2020	0.147871	302,000	(102,680)
Dividends	09/21/2020	10/07/2020	0.648743	1,324,940	-
Interest on equity	12/10/2020	01/08/2021	0.146922	298,865	(101,614)
Dividends	12/10/2020	01/08/2021	0.410478	834,985	-
Dividends	03/04/2021	05/07/2021	0.393134	798,514	-
Additional dividends	03/04/2021	05/07/2021	0.585726	1,189,698	-
Total for the year 2020				**5,342,002**	**(405,914)**

(In thousands of reais, unless otherwise stated)

g) *Earnings per share*

Accounting Practices

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

	Consolidated	
Basic	**2021**	**2020**
Numerator		
Net income available to shareholders of B3	4,717,097	4,152,304
Denominator		
Weighted average number of outstanding shares	6,082,163,402	6,128,512,996
Basic earnings per share (in R$)	**0.775562**	**0.677539**

	Consolidated	
Diluted	**2021**	**2020**
Numerator		
Net income available to shareholders of B3	4,717,097	4,152,304
Denominator		
Weighted average number of outstanding shares adjusted by effects of stock options and stock grant plans	6,095,659,772	6,145,241,902
Diluted earnings per share (in R$)	**0.773845**	**0.675694**

13. Transactions with related parties

a) Transactions and balances with related parties

B3 follows a policy on transactions with related parties, and other situations of potential conflict of interest (Policy), approved by the Board of Directors, which aims to establish rules to ensure that all decisions involving related-party transactions and other situations of potential conflict of interest are taken to the interests of B3 and its shareholders, in compliance with the relevant rules and legislation in force.

When negotiating and entering into transactions with related parties, the same principles and procedures that guide negotiations carried out by B3 with independent parties are observed.

B3 seeks to ensure, through the procedures established in the Policy, that all decisions that may grant a private benefit to any person with significant influence, members close to their family, entities or persons related to them are taken with total honesty, respecting the interest of B3.

Any transaction between related parties or in which a potential conflict of interest has been identified, involving a person with significant influence, is formalized, observing the following criteria: (a) bases of transactions under Market Conditions; (b) description of the transaction's terms; and (c) compliance with the Purchasing Rule, if applicable.

The balances and main recurring transactions with related parties are described below.

(In thousands of reais, unless otherwise stated)

Description	Assets / (liabilities) 2021	Assets / (liabilities) 2020	Revenue / (expenses) 2021	Revenue / (expenses) 2020
Banco B3				
Accounts receivable	2,054	1,440	-	-
Interest on equity receivable	4,672	3,391	-	-
Accounts payable	-	(215)	-	-
Recovery of expenses	-	-	17,708	15,252
Income from fees	-	-	50	284
Expenses from fees	-	-	(2,300)	(2,220)
Interest on equity	-	-	5,497	3,990
Cetip Lux				
Accounts payable	(2,636,818)	(2,455,555)	-	-
Interest on loans	-	-	(85,677)	(97,848)
Exchange rate variation - loans	-	-	(180,113)	(537,670)
BSM				
Accounts receivable	1,575	268	-	-
Accounts payable	(1,871)	(900)	-	-
Donation and contribution	-	-	(17,511)	(22,399)
Recovery of expenses	-	-	7,367	2,914
UK Ltd.				
Accounts payable	-	(521)	-	-
Recovery of expenses	-	-	(6,031)	(3,645)
Associação BM&F				
Accounts receivable	119	34	-	-
Recovery of expenses	-	-	164	109
Expenses with course	-	-	-	(101)
CETIP Info				
Accounts receivable	1,010	3,199	-	-
Recovery of expenses	-	-	12,119	8,835
BLK				
Accounts receivable	140	1,950	-	-
Accounts payable	(115)	-	-	-
Recovery of expenses	-	-	-	385
Interest on loans	-	-	81	53
Sundry revenues	-	-	1,675	1,042
Portal de Documentos				
Accounts payable	(956)	-	-	-
Recovery of expenses	-	-	-	88
Sundry expenses	-	-	(2,045)	(1,386)
Other related parties				
Accounts receivable	104	147	-	-
Accounts payable	(38)	(2)	-	-
Recovery of expenses	-	-	350	574
Sundry revenues	-	-	1,780	287
Donation	-	-	(88)	(7,450)

BSM Market Supervision (BSM) is a non-profit civil association that, with its Supervisory Board and functional structure independent from those used by its associates, carries out the self-regulation activities of organized securities markets in accordance with CVM Instruction 461/07. BSM's function is to analyze, supervise and supervise the operations and activities of the companies of the trading participants and the agents that carry out clearing and settlement of transactions and / or custody activities that operate in the stock and over-the-counter markets managed by B3 , in addition to administering the Losses Reimbursement Mechanism (MRP) and managing residual assets and managing the ongoing legal proceedings involving the Rio de Janeiro Stock Exchange Guarantee Fund (FGBVRJ).

B3 has a transfer and cost recovery agreement signed with BSM, which provides for the reimbursement to B3 of the amount paid due to expenses related to the hiring of resources and infrastructure, made available to BSM to assist in the execution of its activities. supervision. Such costs are calculated monthly according to the methodology defined in the contract signed between the parties and encompass the activities related to the Losses Reimbursement Mechanism (MRP), since this mechanism is managed by BSM.

B3 makes contributions for the purpose of complementing the financing of BSM's activities, as well as regular transfers of fines for failure to settle financially and deliver assets, carried out as established in B3 Circular Letter 044/2013-DP. From 2013 to December 31, 2021, B3 transferred to BSM approximately R$138,822 in contributions and fines for failure to settle financially.

In June and September 2021, B3 granted to BSM the beneficial entitlement to certain government bonds owned by B3. Such beneficial entitlement is intended to ensure the transfer of income by B3, as the custodian, to pay for the activities developed by BSM annually. In 2021, the revenue recorded in BSM, net of taxes, was R$9,779.

In December 2019 and 2021, B3 constituted in favor of Associação BM&F usufruct on certain public securities owned by it. The usufruct aims to ensure the transfer of income by B3, as an honorary member, to fund the activities carried out by the Association for a period of three years from the date of signing the contract. In 2021, the amount of revenue recorded in Associação BM&F, net of taxes, was R$12,108 (R$7,183 in 2020).

(In thousands of reais, unless otherwise stated)

b) Key management personnel compensation

Key management personnel include directors and statutory officers.

	Consolidated	
Benefits to managing officers	**2021**	**2020**
Managing officers		
Short-term benefits (salaries, profit sharing etc.)	47,874	40,093
Share-based compensation (1)	33,964	73,189
Board of Directors		
Short-term benefits (salaries, profit sharing etc.)	11,111	12,893
Share-based compensation (1)	2,404	9,610

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

14. Collateral for transactions

Accounting Practices

Measured at amortized cost, guarantees are amounts received from market participants as a guarantee against default or insolvency and are not subject to interest or any other charges. Amounts received in cash are recorded as a liability and other guarantees, other than cash, have segregated control and are not recorded but are disclosed in the explanatory notes.

B3 acting as central guarantor of the derivatives, exchange and floating income markets, B3 manages two clearinghouses considered systemically important by the Central Bank of Brazil: B3 and Foreign Exchange.

The activities carried out by the clearinghouse are governed by Law No. 10214/01, which authorizes the multilateral clearing of obligations, establishes the central counterparty role of the systemically important clearinghouse and permits the utilization of the collateral obtained from defaulting participants to settle their obligations in the clearinghouse environment, including in cases of civil insolvency, agreements with creditors, intervention, bankruptcy and out-of-court liquidation.

Through its foreign exchanges, B3 acts as a central counterparty in the derivatives market (futures, forward, options and swaps), spot foreign exchange market and variable income (spot, forward, option, futures and lending of securities). In other words, by assuming the role of a central counterparty, B3 becomes responsible for the settlement of trades carried out and/or registered in its systems, as established in the applicable regulations.

The performance of B3 as a central counterparty exposes it to the credit risk of the participants that utilize its settlement systems. If a participant fails to make the payments due, or to deliver the assets or commodities due, it will be incumbent upon B3 to resort to its safeguard mechanisms, in order to ensure the proper settlement of the transactions in the established time frame and manner. In the event of a failure or insufficiency of the safeguard mechanisms of its foreign exchanges, B3 might have to use its own equity, as a last resort, to ensure the proper settlement of trades.

The clearinghouse is not directly exposed to market risk, as they do not hold net long or net short positions in the various contracts and assets traded. However, an increase in price volatility can affect the magnitude of amounts to be settled by the various market participants and can also heighten the probability of default by these participants. Furthermore, as already emphasized, the clearinghouse is responsible for the settlement of the trades of a defaulting participant, which could result in losses for B3 if the amounts due surpass the amount of collateral available. Accordingly, despite the fact that there is no direct exposure to market risk, this risk can impact and increase the credit risks assumed.

Each clearinghouse has its own risk management system and safeguard structure. The safeguard structure of a clearinghouse represents the set of resources and mechanisms that it can utilize to cover losses relating to the settlement failure of one or more participants. These systems and structures are described in detail in the regulations and manuals of each clearinghouse and have been tested and ratified by the Central Bank of Brazil (Bacen), in accordance with National Monetary Council (CMN) Resolution No. 2882/01 and Bacen Circular No. 3057/01.

The safeguard structures of the clearinghouses are based largely on a loss-sharing model called defaulter pays, in which the amount of collateral deposited by each participant should be able to absorb, with a high degree of confidence, the potential losses associated with its default. Consequently, the amount required as collateral for participants is the most important element in our management structure of the potential market risks arising from our role as a central counterparty.

For most contracts and operations involving assets, the required value as collateral is sized to cover the market risk of the business, i.e. its price volatility during the expected time frame for settlement of the positions of a defaulting participant. This timeframe can vary depending on the nature of contracts and assets traded.

The models used for calculating the margin requirements are based, in general, on the concept of stress testing, in other words, a methodology that attempts to measure market risk into account not only recent historical volatility of prices, but also the possibility of the occurrence of unexpected events that modify the historical patterns of behavior of prices and the market in general.

In B3, the guarantee margin is defined by the risk faced by the clearinghouse of closing a portfolio. To calculate the risk of closing a portfolio containing positions and guarantees from multiple markets and asset classes, B3 developed an innovative risk measure: Close-Out Risk Evaluation (CORE).

The operations in the B3 markets are secured by margin deposits in cash, government and corporate securities, letters of guarantee and shares among others. The guarantees received in cash, in the amount of R$6,357,430 (R$5,695,723 at December 31, 2020), are recorded as a liability under “Collateral for transactions” and collaterals, in the amount of R$495,344,436 (R$477,054,234 at December 31, 2020), are recorded in memorandum accounts. At December 31, 2021, total collaterals deposited by members amounts to R$501,701,866 (R$452,749,957 at December 31, 2020), as follows:

(In thousands of reais, unless otherwise stated)

a) Collaterals deposited by members

	2021		2020	
Description	B3 Clearinghouse	Foreign Exchange Clearinghouse	B3 Clearinghouse	Foreign Exchange Clearinghouse
Federal government securities	395,744,095	11,568,852	333,488,769	11,267,782
Shares	74,653,049	-	91,856,167	-
International securities (1)	8,116,038	-	6,290,604	-
Cash amounts deposited	6,268,540	83,707	5,409,441	285,818
Letters of guarantee	3,526,600	-	2,545,762	-
Private Fixed Income Securities	1,580,873	-	1,454,021	-
Gold	55,967	-	71,979	-
Other	104,145	-	79,614	-
Total	**490,049,307**	**11,652,559**	**441,196,357**	**11,553,600**

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

b) Other safeguard mechanisms

(i) Minimum non-operating guarantee (GMNO): as instructed in Memorandum Circular 014/2021-PRE of February 25, 2021, contributions relating to Nonoperating Minimum Guarantee (GMNO) of full negotiation participants (PNP) and settlement participants (PL) were changed into contributions to the Settlement Fund (FLI).

Breakdown	2021	2020
Share Investment Fund (FILCB)	-	951,196
Amounts deposited	**-**	**951,196**
Amounts required of members	-	874,573
Amount in excess of the minimum required	-	76,623

(ii) Fundo de Liquidação (Settlement Fund): funds in the FLI are used by the clearinghouse of B3 to cover any losses arising from default by one or more clearing members (MC), after there are no more guarantees deposited by members under the responsibility of the MCs in default. In addition to the contribution of the MCs to the FLI, there is also the contribution of B3, which is a portion of its equity, allocated to the fund. These contributions are allocated to the Investment Fund B3 Clearinghouse Liquidity (FILCB), which is formally constituted as an investment fund, under the provisions of the applicable legislation, administered, managed and guarded by Banco B3.

(iii) Fundo de Liquidação de Operações de Câmbio (FLOC), composed of collaterals transferred by foreign exchange clearinghouse participants and B3 funds, intended to guarantee the proper settlement of transactions.

(In thousands of reais, unless otherwise stated)

FLI and FLOC are broken down as follows:

			2021
Description	**Clearing B3**	**Foreign exchange clearing**	**Special Equity - Clearinghouse and custody**
Federal government securities	-	409,313	-
Federal government securities of B3	-	142,572	-
Share investment fund (FILCB)	1,920,960	-	-
Share investment fund (FILCB) of B3	712,448	-	-
Cash amounts deposited	-	200	-
Amounts deposited	**2,633,408**	**552,085**	**-**
Amounts required from participants	1,649,629	118,450	-
Amounts required from B3	672,860	118,450	-
Value in excess of the minimum required	310,919	315,185	-
Special Equity (1)	**178,120**	**87,765**	**88,405**

			2020
Description	**Clearing B3**	**Foreign exchange clearing**	**Special Equity - Clearinghouse and custody**
Federal government securities	-	242,014	-
Federal government securities of B3	-	136,339	-
Share investment fund (FILCB)	824,773	-	-
Share investment fund (FILCB) of B3	685,022	-	-
Cash amounts deposited	-	200	-
Amounts deposited	**1,509,795**	**378,553**	**-**
Amounts required from participants	758,918	119,050	-
Amounts required from B3	660,886	119,050	-
Value in excess of the minimum required	89,991	140,453	-
Special Equity (1)	**177,548**	**83,893**	**86,039**

(1) *Patrimônio Especial* (Special equity) *Selic das câmaras B3, Câmbio e de compensação e custódia*, in compliance with the provisions of article 5 of Law 10214 of March 27, 2001 and article 19 of Bacen circular No. 3057 of August 31, 2001, B3 maintain in federal government securities.

(iv) Cash of B3 dedicated to B3 clearinghouse: portion of B3 equity, formally and exclusively dedicated to the clearinghouse - used by B3 clearinghouse for the treatment of a failure in the settlement window, ensuring the necessary resources to fulfill its payment obligations to creditor clearing members.

(In thousands of reais, unless otherwise stated)

Breakdown	2021	2020
Federal government securities	1,286,728	1,250,596
Amounts deposited	**1,286,728**	**1,250,596**
Amounts required of B3	1,200,000	1,200,000
Amount in excess of the minimum required	86,728	50,596

(v) IPO/GG3 guarantees: funds deposited by participants or clients of brokerage firms to cover the Initial Public Offering (CVM Instruction No. 400 and No. 476), used by B3 clearinghouse to cover the obligations of debtor clearing members.

Breakdown	2021	2020
Federal Government Bonds	522,677	547,843
Guarantees deposited in currency	4,983	264
Amounts deposited	**527,660**	**548,107**
Amounts required of B3	527,660	548,107
Amount in excess of the minimum required	-	-

15. Employee benefits

Accounting Practices

Pension obligations

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

Share-based incentives

B3 maintains a long-term incentive plan. Until 2014, B3 granted stock options under its Stock Option Plan, under the B3 Stock Option Plan - stock option, reason why there are outstanding shares not yet exercised. From 2015 onwards, B3 started to grant shares under its Stock Grant Plan (Share Plan). The objective is to give employees of B3 and its subsidiaries the opportunity to become B3 shareholders, obtaining a greater alignment between their interests and the shareholders' interests, as well as allow B3 and its subsidiaries to attract and retain management members and employees.

The fair value of options and shares granted is recognized as expense during the vesting period (period during which the specific vesting conditions must be met).

At the statement of financial position date, B3 reviews its estimates of the number of options and shares that will vest based on the established conditions. B3 recognizes the impact of any changes to the original estimates, if any, in the statement of profit or loss, against capital reserve in equity.

(In thousands of reais, unless otherwise stated)

In the case of share-based payment programs that may be settled in cash, the fair value payable to executives is recognized as an expense with the corresponding increase in liabilities, for the period in

which the executives acquire the right to payment. The liabilities are remeasured at each statement of financial position date and on the settlement date. Any changes in the fair value of liabilities are recognized as personnel expenses in the statement of profit or loss.

Profit sharing

B3 has an annual variable remuneration, constituted and paid in cash through the Profit-Sharing Program. The program defines target values according to the individual performance indicators, which consider factors specific to each function (job level), results of the area and the overall performance of B3. The provision that includes the employee profit sharing program is accounted for on an accrual basis.

a) Stock Grant - long-term incentive

B3 recognized expenses related to Stock Grant Plan matched against capital reserves in equity, based on the fair value of the share at the grant date of the plans and charges in personnel expenses calculated based on the fair value of the share at December 31, 2021. As shown in the table below:

	B3		Consolidated	
	2021	2020	2021	2020
Expenses related to granting of Stock Options	(86,560)	(75,079)	(89,695)	(78,178)
Tax expenses	(17,501)	(103,461)	(16,800)	(106,840)
Hedge Instrument Effect	(36,973)	49,154	(36,973)	49,154
Total	**(141,034)**	**(129,386)**	**(143,468)**	**(135,864)**

B3 will record the expenses relating to the Stock Grant Program which were granted for replacement of unvested options of the Stock Option Plan, for the same fair value of options previously granted, in accordance with CPC 10 (R1)/IFRS 2.

Effects arising from transfer of shares

At December 31, 2021, the cost of shares transferred related to the grants of the Stock Grant Plan amounted to R$141,991 (R$78,172 at December 31, 2020).

Pricing model

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

For the case of cash-settled share-based compensation programs, the fair value payable to executive officers is recognized as an expense with the corresponding increase in liabilities for the period in which executive officers acquire the right to receive. The liability is measured again at each balance sheet date and on the settlement date. Any changes in the fair value of the liability are recognized as personnel expenses in the statement.

(In thousands of reais, unless otherwise stated)

Stock Grant – Summary/changes

Conversion / Grant Date	Vesting period up to(*)	Number of open lots	Fair value of shares on the grant date (R$ per share)	Number of shares at 12/31/2020	Changes in the year			Outstanding share contracts at 12/31/2021	Dilution percentage (1)
					New programs	Performed	Canceled		
01/06/2017	Jan/2020 and Jan/2021	-	5.68	1,001,610	-	(993,696)	(7,914)	-	0.00%
03/29/2017	Mar/2020 and Mar/2021	-	6.45	906,978	-	(906,978)	-	-	0.00%
03/29/2017	Jan/2020 and Jan/2021	-	6.45	2,155,425	-	(2,155,425)	-	-	0.00%
11/13/2017	Nov/2020 and Nov/2021	1	7.57	293,343	-	(281,286)	(4,128)	7,929	0.00%
01/08/2018	Jan/2020 to Jan/2022	1	7.97	2,864,874	-	(1,971,919)	(9,797)	883,158	0.01%
01/08/2018	Apr/2021	-	7.97	444,060	-	(444,060)	-	-	0.00%
01/08/2019	Jan/2020 to Jan/2023	2	9.29	5,563,263	-	(1,942,057)	(74,118)	3,547,088	0.06%
01/08/2019	Apr/2021	-	9.29	478,224	-	(478,224)	-	-	0.00%
01/08/2020	Jan/2021 to Jan/2024	3	14.89	4,944,282	-	(1,274,057)	(96,509)	3,573,716	0.06%
01/08/2020	Apr/2022	1	14.89	154,479	-	-	-	154,479	0.00%
04/30/2020	Apr/2023	1	11.30	174,048	-	-	-	174,048	0.00%
01/08/2021	Jan/2022 to Jan/2025	4	20.90	-	4,154,044	(5,731)	(405,850)	3,742,463	0.06%
04/29/2021	Apr/2023	1	17.52	-	121,017	-	-	121,017	0.00%
05/19/2021	Jan/2025 and Jan/2026	2	17.22	-	392,026	-	-	392,026	0.01%
04/12/2021	Apr/2023 to Apr/2025	3	18.59	-	215,169	-	-	215,169	0.00%
07/01/2021	Jul/2022 to Jul/2025	4	16.32	-	92,836	-	(7,047)	85,789	0.00%
09/01/2021	Sep/26	1	14.43	-	1,399,860	-	-	1,399,860	0.02%
12/10/2021	Dec/2022 to Dec/2025	4	12.38		290,792	-	-	290,792	0.00%
				18,980,586	**6,665,744**	**(10,453,433)**	**(605,363)**	**14,587,534**	**0.22%**

(1) The number of outstanding shares at December 31, 2021 is 6,073,061,367.

b) Supplementary pension plan

Due to merger of CETIP, B3 sponsors two private pension plans (Plano B3 and Plano CETIP managed by Itajubá Fundo Multipatrocinado (IFM), formerly named Itaú Fundo Multipatrocinado (IFM)) structured under the defined contribution type. After the merger date, new members are only allowed in Plano B3. On January 02, 2020, management of Plano B3 was transferred to IFM. After such transfer, the two plans maintained by B3 are managed by IFM.

16. Income tax and social contribution

Accounting Practices

Current and deferred income and social contribution taxes

B3, BLK, Portal, Banco B3 and Neoway income tax (IRPJ) and social contribution tax (CSLL), current and deferred, are calculate based on tax rate of 15% plus an additional 10% on taxable income above $240 for income tax and tax rate of 9% (modified by Law 14,183 on July 14, 2021, which changed to 25% (twenty five percent) from July 1st until December 31, 2021 and 20% (twenty percent) from January 1st, 2022 for Banco B3) on taxable income for social contribution tax and taking into consideration offset of IRPJ and CSSL carry forward losses limited to 30% of taxable profit.

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

(In thousands of reais, unless otherwise stated)

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

Current income taxes of CETIP Info comprise both income and social contribution taxes. Income tax is calculated at a rate of 15%, plus 10% on taxable profit computed as a percentage of gross revenue (*Lucro presumido*), exceeding R$240 whereas social contribution tax is computed at a rate of 9% on taxable profit computed as a percentage of gross revenue (*Lucro presumido*).

BVRJ and CED is exempt from income and social contribution taxes.

a) Deferred income tax and social contribution - Changes

The balances of and changes in deferred income and social contribution taxes recognized are as follows:

				B3
Description	**2020**	**(Debt) credit in the income statement**	**(Debt) credit in the statement of comprehensive income**	**2021**
Deferred assets				
Tax, civil and labor contingencies	175,508	(27,519)	-	147,989
Tax loss carryforwards	422,820	(358,526)	-	64,294
Stock grant plan – Long-term incentive	93,717	(22,407)	-	71,310
Profit sharing and statutory bonus	52,651	6,647	-	59,298
Exchange variation on investments abroad	4,788	-	47,494	52,282
Market to market - Financial instruments	-	-	81,419	81,419
Impairment	30,297	-	-	30,297
Amortization/depreciation of surplus value	41,365	(3,405)	-	37,960
Revenues to be allocated	38,529	3,201	-	41,730
Exchange Variation	291,591	53,447	-	345,038
Other temporary differences	86,404	14,066	-	100,470
Total deferred tax assets	1,237,670	(334,496)	128,913	1,032,087
Deferred tax liabilities				
Goodwill amortization (1)	(5,582,876)	(478,511)	-	(6,061,387)
Market to market - Financial instruments	(52,041)	11,335	28,943	(11,763)
Exchange Variation – foreign shares	(33,397)	-	20,927	(12,470)
Judicial deposits	(37,540)	1,103	-	(36,437)
Amortization/depreciation	(32,770)	(12,187)	-	(44,957)
Other temporary differences	(32,621)	14,583	-	(18,038)
Total deferred tax liabilities	(5,771,245)	(463,677)	49,870	(6,185,052)
Deferred taxes, net	**(4,533,575)**	**(798,173)**	**178,783**	**(5,152,965)**

(In thousands of reais, unless otherwise stated)

					Consolidated
Description	2020	(Debt) credit in the income statement	(Debt) credit in the statement of comprehensive income	Acquisition of subsidiaries	2021
Deferred assets					
Tax, civil and labor contingencies	175,687	(27,197)	-	4,766	153,256
Tax loss carryforwards	432,325	(350,875)	-	13,250	94,700
Stock grant plan – Long-term incentive	97,347	(22,161)	-	-	75,186
Profit sharing and statutory bonus	53,741	8,477	-	852	63,070
Market to market - Financial instruments	-	-	81,525	-	81,525
Exchange variation on investments abroad	4,788	-	47,494	-	52,282
Impairment	30,297	-	-	-	30,297
Amortization/depreciation of surplus value	41,365	(3,405)	-	-	37,960
Revenues to be allocated	38,529	3,634	-	(894)	41,269
Exchange Variation	291,608	53,693	-	-	345,301
Other temporary differences	86,692	12,070	-	13,550	112,312
Total deferred tax assets	1,252,379	(325,764)	129,019	31,524	1,087,158
Deferred tax liabilities					
Goodwill amortization (1)	(5,582,876)	(478,511)	-	-	(6,061,387)
Market to market - Financial instruments	(51,761)	11,335	28,660	-	(11,766)
Exchange Variation – foreign shares	(33,397)	-	20,916	-	(12,481)
Judicial deposits	(37,540)	1,103	-	-	(36,437)
Amortization/depreciation	(32,770)	(12,187)	-	-	(44,957)
Other temporary differences	(43,369)	14,300	-	(1,545)	(30,614)
Total deferred tax liabilities	(5,781,713)	(463,960)	49,576	(1,545)	(6,197,642)
Deferred taxes, net	**(4,529,334)**	**(789,724)**	**178,595**	**29,979**	**(5,110,484)**

(1) Deferred income tax and social contribution liabilities arising from the temporary difference between the tax base of the goodwill and its book value in the balance sheet, considering that the goodwill continues to be amortized for tax purposes, but is no longer amortized at from January 1, 2009 in the accounting records, resulting in a tax base lower than the book value of the goodwill. This temporary difference may result in amounts to be added in the calculation of the taxable result of future years, when the book value of the asset is reduced or settled, making it necessary to establish a deferred tax obligation.

b) Estimated realization period

Deferred tax assets arising from temporary differences are recorded in the books taking into consideration their probable realization, based on projections of future results prepared based on internal assumptions and future economic scenarios that may, accordingly, not materialize as expected.

(In thousands of reais, unless otherwise stated)

The estimated realization of tax credits and provision for deferred taxes and contributions as at December 31, 2021 are as follows:

	Temporary differences	Income tax and social contribution losses	Total	Provision for deferred taxes and contributions	Total deferred, net
2022	189,500	79,377	268,877	(895)	267,982
2023	388,536	-	388,536	(1,948)	386,588
2024	49,538	15,323	64,861	(1,942)	62,919
2025	6,992	-	6,992	(971)	6,021
2026	7,027	-	7,027	-	7,027
2027	376	-	376	-	376
From 2028 onwards	350,489	-	350,489	(130,499)	219,990
Goodwill (1)	-	-	-	(6,061,387)	(6,061,387)
Total	**992,458**	**94,700**	**1,087,158**	**(6,197,642)**	**(5,110,484)**

(1) Deferred tax liabilities arising from goodwill will be realized when the difference between the tax base of goodwill and its carrying amount is reversed, in whole or in part, by the asset impairment, disposal, or as a result of provisions set up for tax proceedings. The proceedings currently assessed as possible risk of loss discuss amortization, for tax purposes, of the goodwill arising from merger of the shares of Bovespa Holding S.A. in May 2008 (Note 11(f)).

Since the income tax and social contribution base arises not only from the profit that may be generated, but also from the existence of nontaxable income, nondeductible expenses, tax incentives and other variables, there is no immediate correlation between B3's net income and the income (loss) subject to income tax and social contribution. As such, expected use of tax credits should not be regarded as the sole evidence of B3's future P&L.

At December 31, 2021, the balance of goodwill that is deductible for income tax and social contribution purposes is R$703,692 (R$2,111,077 at December 31, 2020).

c) Conciliation of income tax and social contribution expense

Conciliation of the income tax and social contribution amounts recorded in P&L (B3 and consolidated) and their respective amounts at statutory rates is as under:

Description	B3 2021	B3 2020	Consolidated 2021	Consolidated 2020
Income before income tax and social contribution	**6,473,908**	**5,488,375**	**6,516,331**	**5,515,850**
Income tax and social contribution before additions and exclusions computed at the statutory rate of 34%	(2,201,129)	(1,866,048)	(2,215,553)	(1,875,389)
Adjustments:	444,318	529,977	416,311	510,254
Dividends and interest on equity	368,322	412,181	368,322	412,181
Exchange rate variation on foreign investment	46,091	136,964	46,091	136,964
Effect of taxes on income abroad	10,511	12,625	10,511	12,625
Equity	22,341	12,329	1,500	804
Other	(2,947)	(44,122)	(10,113)	(52,320)
Income tax and social contribution	**(1,756,811)**	**(1,336,071)**	**(1,799,242)**	**(1,365,135)**
Effective rate	27.14%	24.34%	27.61%	24.75%

(In thousands of reais)

d) Taxes to be offset and recoverable

Taxes to be offset and recoverable are as follows:

Description	B3		Consolidated	
	2021	2020	2021	2020
Income tax and social contribution on net income	1,007,705	628,553	1,019,137	632,429
IRRF - financial investments - current year	146,379	234,680	147,089	235,191
PIS/Cofins to be offset	66,799	51,109	70,458	53,656
Other Taxes to be offset	64,585	80,435	97,875	89,020
Total	**1,285,468**	**994,777**	**1,334,559**	**1,010,296**

17. Revenues and taxes on revenues

Accounting Practices

Revenue

Revenues are recognized in accordance with CPC 47/ IFRS 15 - Revenue from contracts, which establishes a five-step model applicable to revenue from contracts with customer and whose purpose is to evidence whether or not the criteria for recording revenues have been met. Therefore, B3 recognizes revenue when: (i) identifies the contract with the customer; (ii) identifies the different performance obligations contracted; (iii) determines the transaction price; (iv) allocates the transaction price to the contractual obligations; and (v) satisfies the performance obligations established in the contract.

Revenues comprise the amount that reflects the expected cash flow from the provision of services in the ordinary course of B3's activities. Revenues from provision of services and revenues originating from trading and settlement systems, registration of assets, derivatives and financing contracts (CS - Contract System) are recognized when the transactions are carried, on an accrual basis. The amounts received as annual fees, in the case of listing of securities, certain contracts for sale of market information, and revenues for inclusion of financial restrictions (Brazilian Lien System - SNG), of permanent assets and assets used monthly, are recognized proportionally and monthly in P&L in relation to the period of compliance with the contracted performance obligation.

Taxes on revenues

Taxes charged over trading, clearing and settlement fees and other services were calculated at the rates of 1.65% for PIS and 7.60% for COFINS, except for the infrastructure for financing segment and advisory, licensing and technical support services, which are calculated at 0.65% (PIS) and 3% (COFINS).

Portal de Documentos calculates PIS and COFINS at the rates of 1.65% and 7.60%, respectively, except for activities subject to the cumulative regime, which are calculated at the rates of 0.65% and 3%, respectively.

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

(In thousands of reais)

BLK calculates PIS and COFINS contribution taxes at the rates of 0.65% and 4% for services, and at the rates of 0.65% and 3% for finance income and other services, respectively.

CETIP Info calculates PIS and COFINS at the rates of 0.65% and 3%, respectively.

BVRJ and CED calculate PIS and COFINS contribution taxes on finance income and other income at the rates of 4% and 7.6%, respectively.

Neoway calculates contribution taxes under the cumulative taxation regime at the rates of 0.65% for Contribution Tax on Gross Revenue for Social Integration Program (PIS) and 3.00% for Contribution Tax on Gross Revenue for Social Security Financing (COFINS). For activities subject to the noncumulative taxation regime, these contribution taxes on other income are calculated at the rates of 1.65% for PIS and of 7.60% for COFINS, and on finance income at the rates of 0.65% for PIS and 4.00% for COFINS.

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

Net revenue has the following composition:

		B3		Consolidated
Description	**2021**	**2020**	**2021**	**2020**
Gross revenue	**10,022,245**	**9,158,419**	**10,288,124**	**9,327,395**
Listed	**7,097,724**	**6,442,025**	**7,097,673**	**6,441,965**
Cash equities and equities instruments	4,753,699	4,325,872	4,753,699	4,325,872
Trading and post-Trading	4,206,736	3,811,188	4,206,736	3,811,188
Depositary	150,856	186,285	150,856	186,285
Securities lending	238,331	192,509	238,331	192,509
Listing and services for issuers	157,776	135,890	157,776	135,890
Interest Rates BRL, FX and commodities	2,344,025	2,116,153	2,343,974	2,116,093
Trading and post-Trading	2,344,025	2,116,153	2,343,974	2,116,093
OTC	**1,142,744**	**1,047,028**	**1,142,744**	**1,047,028**
Fixed income	700,115	634,924	700,115	634,924
Derivatives	269,375	252,428	269,375	252,428
Others	173,254	159,676	173,254	159,676
Infrastructure for financing	**317,720**	**328,728**	**476,489**	**425,120**
Technology, data and service	**1,280,021**	**1,063,355**	**1,387,034**	**1,134,224**
Technology and access	842,439	724,364	857,414	741,492
Data and analytics	291,828	231,459	300,642	237,678
Banco B3	-	-	89,226	51,875
Others	145,754	107,532	139,752	103,179
Provision Reversal and recovery of expenses (1)	**184,036**	**277,283**	**184,184**	**279,058**
Revenue deductions	**(1,016,263)**	**(931,317)**	**(1,039,880)**	**(944,820)**
PIS and Cofins	(857,371)	(782,955)	(872,647)	(791,833)
Service tax	(158,892)	(148,362)	(167,233)	(152,987)
Net revenues	**9,005,982**	**8,227,102**	**9,248,244**	**8,382,575**

(1) In 2021, refer substantially to (i) recovery of tax expense of R$112,291 related to payment of PIS and COFINS on capital gain from disposal of equity interest of the CME Group in 2016, and (ii) reversal of provision for civil and tax contingencies, in the amount for R$71,447, as described in Note 11(e).

(In thousands of reais)

18. Sundry expenses by nature

Description	B3		Consolidated	
	2021	2020	2021	2020
Expenses with sundry provisions (1)	(31,451)	(116,921)	(33,250)	(118,461)
Electricity, water and sewage	(19,237)	(15,173)	(19,534)	(15,422)
Write-off of fixed assets and intangible assets	(18,641)	(14,567)	(18,641)	(14,567)
Contributions and donations	(11,472)	(27,779)	(11,679)	(27,936)
Insurance	(7,034)	(3,151)	(7,078)	(3,177)
Serviços de controladas no exterior	(7,656)	(3,645)	-	-
Comunications	(3,099)	(2,700)	(4,279)	(4,306)
Leases	(1,207)	(1,592)	(2,496)	(2,922)
Other	(6,394)	(14,227)	(8,032)	(15,202)
Total	**(106,191)**	**(199,755)**	**(104,989)**	**(201,993)**

(1) These refer substantially to provisions for tax, civil and labor contingencies and provision for attorneys' success fees (Note 11(e)).

19. Financial result

Description	B3		Consolidated	
	2021	2020	2021	2020
Financial income				
Revenue from financial assets measured at fair value	850,040	298,945	873,071	311,375
Exchange gains	57,032	13,332	57,676	13,448
Hedge Instrument	18,152	31,313	18,152	31,313
Dividends on shares abroad	13,901	18,433	13,901	18,433
Other financial revenues	9,153	15,462	9,133	15,693
(-) PIS and Cofins on financial revenues	(46,838)	(17,063)	(47,011)	(17,150)
	901,440	**360,422**	**924,922**	**373,112**
Financial expenses				
Funding interest - Debentures	(432,583)	(85,194)	(432,583)	(85,194)
Funding interest - Loans and Financing	(172,818)	(128,147)	(110,838)	(57,270)
Interest on debt abroad	(53,330)	(116,917)	(53,330)	(116,917)
Other financial expenses	(79,865)	(37,369)	(88,169)	(43,104)
	(738,596)	**(367,627)**	**(684,920)**	**(302,485)**
Foreign exchange rate, net	**(181,036)**	**(547,807)**	**(44,655)**	**(157,186)**
Financial result	**(18,192)**	**(555,012)**	**195,347**	**(86,559)**

(In thousands of reais, unless otherwise stated)

20. Segment information

Accounting Practices

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

Consolidated information based on reports used by the Executive Board for making decisions, comprising the following segments: Listed, OTC, Infrastructure for Financing and Technology, Data and Services. Due to the nature of the business, the Executive Board does not use any information on assets and liabilities by segment to support decision-making.

						2021 Consolidated
	Listed	OTC	Infrastructure for financing	Technology, data and service	Provision Reversal	Total
Net Revenue	**6,360,878**	**1,018,815**	**345,801**	**1,338,566**	**184,184**	**9,248,244**
Operating expenses before depreciation	(776,705)	(326,482)	(227,567)	(428,805)	(110,848)	(1,870,407)
	5,584,173	**692,333**	**118,234**	**909,761**	**73,336**	**7,377,837**
Depreciation and amortization						(1,057,150)
Impairment of assets						(4,114)
Equity pick-up						4,411
Financial result						195,347
Income tax and social contribution						(1,799,242)
Net income for the year						**4,717,089**

						2020 Consolidated
	Listed	OTC	Infrastructure for financing	Technology, data and service	Provision Reversal	Total
Net Revenue	**5,750,782**	**934,262**	**357,569**	**1,060,904**	**279,058**	**8,382,575**
Operating expenses before depreciation	(723,672)	(269,527)	(202,428)	(465,218)	-	(1,660,845)
	5,027,110	**664,735**	**155,141**	**595,686**	**279,058**	**6,721,730**
Depreciation and amortization						(1,041,301)
Impairment of assets						(80,385)
Equity pick-up						2,365
Financial result						(86,559)
Income tax and social contribution						(1,365,135)
Net income for the year						**4,150,715**

(In thousands of reais, unless otherwise stated)

21. Other information

a. The balance of salary obligations and social charges in the consolidated refers mainly to the profit sharing (PLR) at December 31, 2021 - R$172,106 (R$175,546 at December 31, 2020); long-term incentive programs settled in cash (Matching) - R$7,984 (R$12,251 at December 31, 2020); charges on long-term incentive programs - R$138,247 (R$141,896 at December 31, 2020) and vacation - R$56,963 (R$ 73,484 at December 31, 2020).

b. At December 31, 2021, the balance of taxes and contributions payable in the consolidated mainly refers to federal taxes and contributions - R$1,069,190 (R$687,280 at December 31, 2020) and withholding taxes and contributions payable - R$69,557 (R$60,985 at December 31, 2020).

c. The balance of earnings and rights on securities under custody refers to dividends and interest on equity received from publicly held companies to be transferred to custodian agents and by them to their customers, who hold ownership of the shares of these publicly-held companies. At December 31, 2021, totaling R$97,357 (R$75,597 at December 31, 2020).

d. B3 seeks in the market support from insurance advisors to establish insurance coverage compatible with its size and operations. The maximum insurance coverage taken out at December 31, 2021, according to insurance policies, is as follows:

Insurance line	Maximum indemnity
Guarantee (1)	5,293,105
Civil liability (2)	415,000
Amounts at risk, property damages, buildings and equipment	300,000
Other	2,823
Total	**6,010,928**

(1) This refers to the provision of collateral to obtain the suspension of the tax debt enforceability (Note 11(f)).

(2) Includes D&O (Directors & Officers) insurance.

22. Subsequent events

a. B3 repurchased 52,164,700 shares between January 31 and February 25, 2022, observing the lock-up period as determined by CVM Ruling No. 358, in the share buyback program approved by the Board of Directors on March 4, 2021 (Note 12(b)).

b. In a meeting held on March 17, 2022, the Board of Directors approved the following matters:

- Distribution of additional dividends for the year ended December 31, 2021 in the amount of R$789,295; and
- Distribution of interest on equity referring to the period of 2022, totaling R$302,600.
- Cancelation of 27,000,000 treasury shares issued by B3, which were acquired under the share buyback programs.

Board of Directors

Antonio Carlos Quintella	Chairman (Independent and Unbound Director)
Florian Bartunek	Vice-Chairman (Independent and Unbound Director)
Alberto Monteiro de Queiroz Netto	Member (Independent and Unbound Director)
Ana Carla Abrão Costa (*)	Member (Independent and Unbound Director)
Claudia Farkouh Prado	Member (Independent and Unbound Director)
Cristina Anne Betts	Member (Independent and Unbound Director)
Eduardo Mazzilli de Vassimon	Member (Independent and Unbound Director)
Guilherme Affonso Ferreira	Member (Independent and Unbound Director)
João Vitor Nazareth M.T.De Souza	Member (Independent)
Maurício Machado de Minas	Member (Independent)
Pedro Paulo Giubbina Lorenzini	Member (Independent)

(*) On December 21, 2021, was accepted the request of Ms. Ana Carla Abrão Costa of a temporary absence of the positions of Member and Vice-Chairman of the Board of Directors, extending the effects on the position of Member of the Corporate Governance and Nomination Committee.

Fiscal Council

Maurício de Souza	Council Coordinator
Angela Aparecida Seixas	Sitting member
André Coji	Sitting member
Gilberto Lourenço da Aparecida	Alternate member
Maria Elena Cardoso Figueira	Alternate member
Maria Paula Soares Aranha	Alternate member

Statutory Board

Gilson Finkelsztain	Chief Executive Officer
Viviane El Banate Basso	Chief Operating Officer – Issuers, Depositary and OTC
Mario Rodrigo Leitzke Palhares	Chief Operating Officer – Electronic Trading and CCP
Daniel Sonder	Chief Financial Officer
José Ribeiro de Andrade	Chief Product and Client Officer
Rodrigo Antonio Nardoni Gonçales	Chief Information Officer
Marcos Vanderlei Belini Ferreira	Chief Financing Infrastructure Unit Officer
Ana Christina Buchaim Gagliardi	Executive Director of People, Marketing, Communication and Sustainability
Eduardo Lopes Farias	Executive Director of Governance and Integrated Management
Luis Sergio Kondic Alves Lima	Executive Director of Products

Audit Committee

Rogério Paulo Calderón Peres	Committee Coordinator
Cristina Anne Betts	Independent Director
Alvir Alberto Hoffmann	External Member
Carlos Alberto Rebello Sobrinho	External Member

Corporate Governance and Nomination Committee

Claudia Farkouh Prado	Committee Coordinator
Ana Carla Abrão Costa (*)	Independent Director
Antonio Carlos Quintella	Independent Director
Guilherme Affonso Ferreira	Independent Director

(*) On December 21, 2021, was accepted the request of Ms. Ana Carla Abrão Costa of a temporary absence of the positions of Member and Vice-Chairman of the Board of Directors, extending the effects on the position of Member of the Corporate Governance and Nomination Committee.

Product and Pricing Committee

Guilherme Affonso Ferreira	Committee Coordinator
Florian Bartunek	Independent Director
Bernardo Zerbini	External Member
Eric André Altafim	External Member
Luiz Fernando Figueiredo	External Member
Luiz Masagão Ribeiro Filho	External Member
Marcelo Fidencio Giufrida	External Member
Renato Monteiro dos Santos	External Member
Roberto de Jesus Paris	External Member

Personnel and Compensation Committee

Antonio Carlos Quintella	Committee Coordinator
Claudia Farkouh Prado	Independent Director
Florian Bartunek	Independent Director

Risk and Finance Committee

Eduardo Mazzilli de Vassimon	Committee Coordinator
Alberto Monteiro de Queiroz	Independent Director
Antonio Carlos Quintella	Independent Director
Mauricio Machado de Minas	Independent Director
Pedro Paulo G. Lorenzini	Independent Director
Cícero Augusto Vieira Neto	External Member

Accountant

João Paulo Gonzaga Pereira
CRC 1SP 248648/O-7