

São Paulo, November 12, 2020 – B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: B3SA3) reports today its third quarter 2020 (3Q20) earnings. Total revenues reached R\$2,535.5 million, a 48.6% increase over the same period of the previous year (3Q19), while recurring EBITDA totaled R\$1,665.7 million, up by 50.1% year-over-year (yoy). The company’s recurring net income¹ totaled R\$1,143.2 million.

MESSAGE FROM B3’S MANAGEMENT

In the third quarter of 2020, we began to see a gradual relaxation of social distancing restrictions and a controlled re-opening of the economy, even as uncertainties remain regarding possible new Covid-19 waves.

In a scenario of low current inflation, and with the authorities’ intention of stimulating economic activity, monetary easing measures continued to advance during the period, with the basic interest rate reaching its lowest historical level in August (2% p.a.). This intensified local investors’ willingness to seek alternatives to diversify their portfolios. Since the beginning of the year, the number of retail investors in our depository has increased by 84%, reaching 3.1 million accounts in September, a significant growth that spurred higher volumes traded on our platforms, in line with the trend we observed in the first half of 2020. We also started to note the recovery of the vehicle financing market, which in September posted the best monthly performance year to date.

During this time of strong volumes, we continued to operate with most of our teams working remotely, prioritizing the availability and stability of our platforms, reaffirming our commitment to excellence and operational resilience, and strengthening our position as a safe and robust infrastructure for our clients and the market.

We also continued to work on operational improvements and on delivering of new products and features on our platforms, namely: in the listed segment (i) the securities lending trading screen, (ii) US dollar tie trade, and (iii) soybean futures; on the OTC market (iv) new instruments covered by our CRI (real estate receivables) and CRA (agribusiness receivables) calculator. Also, as part of our institutional initiatives we launched (v) new features and content in our Financial Education Hub website (edu.b3.com.br), which aims at stimulating financial education and encouraging the development of the capital market in a sustainable and conscientious way.

In August, CVM decided to extend for another 12 months the trial period for the RLP (Retail Liquidity Provider) platform launched a year before. RLP is an innovative and successful solution developed collaboratively with clients and regulators, to better serve derivatives trading in the retail market. B3’s role and support in the development of this product reinforces our alignment with our clients, without compromising the market’s safety and integrity.

Additionally, we made progress on our corporate philanthropy actions focused on mitigating the effects of coronavirus on society, through donations made both by B3 and B3 Social, a non-profit association in which B3 is a founding member. Since the beginning of the year, we have donated around R\$30 million to initiatives in the health, food, micro entrepreneurship, and community business areas. We expect to reach total R\$50 million in donations by the end of 2020.

Sustained high volumes on our platforms contributed to a solid financial performance and strong cash generation in the third quarter. Revenue growth combined with disciplined expense management resulted in higher margins, reflecting our operational leverage. In line with our objective of having an adequate capital structure for B3, we issued local bonds in the amount of R\$3.55 billion (August), and retired our Global Notes of US\$612 million (July), reaching a gross debt to recurring EBITDA level of 1.2x at the end of the quarter. Additionally, during this quarter we settled a legal dispute involving the bankruptcy estate of Spread Corretora for a total of R\$140 million. The total amount under discussion (R\$379 million as of 6/30/2020) had been provisioned for in the company’s financial statements and the settlement had a positive impact on several lines of our income statement, as shown on page 4.

Income statement summary

(R\$ million)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Total revenues	2,535.5	1,706.6	48.6%	2,129.1	19.1%
Net revenues	2,288.8	1,529.8	49.6%	1,908.3	19.9%
Expenses	(648.5)	(677.7)	-4.3%	(733.4)	-11.6%
Financial result	(26.4)	(5.5)	382.5%	(11.4)	131.6%
Net income	1,136.5	719.6	57.9%	891.8	27.4%
Adjusted expenses	(216.1)	(280.9)	-23.1%	(275.3)	-21.5%
Recurring EBITDA	1,665.7	1,109.4	50.1%	1,419.2	17.4%
<i>EBITDA margin (recurring)</i>	<i>79.2%</i>	<i>72.5%</i>	<i>672 bps</i>	<i>74.4%</i>	<i>487 bps</i>
Recurring net income	1,143.2	851.0	34.4%	1,012.0	13.0%

Guidances for 2020

- **REVISED:** Indebtedness (YE20) up to 1.2x Gross Debt/recurring LTM EBITDA (previous: up to 1.5x) (1.0x in 2019);
- **REAFFIRMED:** CAPEX² budget from R\$395 million to R\$425 million (R\$279 million in 2019);
- **REAFFIRMED:** Revenue-linked expense budget from R\$170 million to R\$200 million (R\$239 million in 2019);
- **REAFFIRMED:** Adj. operating expense³ budget from R\$1,125 million to R\$1,175 million (R\$1,074 million in 2019);
- **REAFFIRMED:** Depreciation and Amortization budget, including amortization of intangible assets, from R\$1,030 million to R\$1,080 million (R\$1,030 million 2019); and
- **REAFFIRMED:** Payout of 120% - 150% of accounting net income (130% in 2019).

¹ Reconciliation on page 6.

² Exclusive of investments in connection with the business combination with Cetip.

³ Expenses adjusted by: (i) depreciation and amortization; (ii) long-term share-based incentive program—principal and charges; (iii) business combination with Cetip; (iv) provisions; and (v) revenue-linked expenses.

CONFERENCE CALL (ENGLISH)

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OPERATIONAL PERFORMANCE

All comparisons in this document are in relation to the third quarter of 2019 (3Q19), unless otherwise stated.

Listed

In the third quarter of 2020 (3Q20), the listed segment performance continued to be driven by the volatility in financial and capital markets arising from the effects of the COVID-19 pandemic and by the low interest rate environment, both in Brazil and worldwide.

Equities

		3Q20	3Q19	3Q20/ 3Q19 (%)	3Q20	3Q20/ 3Q20 (%)
Cash market	ADTV (R\$ million)	28,759.7	17,147.2	67.7%	28,300.4	1.6%
	Margin (bps)	3.992	4.281	-0.290 bps	3.955	0.037 bps
Average market capitalization	(R\$ billion)	4,233.8	4,146.9	2.1%	3,565.7	18.7%
Turnover Velocity	Annualized (%)	169.1%	102.5%	0.666 bps	197.6%	-0.285 bps
Options market (stock/indices)	ADTV (R\$ million)	606.1	305.2	98.6%	600.9	0.9%
	Margin (bps)	12.732	13.530	-0.798 bps	12.394	0.338 bps
Forward market	ADTV (R\$ million)	207.9	207.8	0.1%	144.7	43.7%
	Margin (bps)	13.004	13.000	0.004 bps	13.041	-0.037 bps
Future stock indices	ADV (thousands of contracts)	2,659.2	1,565.0	69.9%	2,356.6	12.8%
	Average RPC (R\$)	0.994	1.006	-1.3%	1.057	-6.0%
Number of Investors	Average (thousands)	2,980.1	1,348.8	120.9%	2,534.7	17.6%
Securities lending	Average open positions (R\$ billion)	75.1	60.2	24.8%	67.1	11.9%

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

The equities segment experienced a 67.7% growth in the cash equities market's ADTV and a 69.9% increase in stock indices futures contracts' volumes. In the cash equities market, this increase reflects a higher turnover velocity, which reached 169.1% in the quarter. For the stock indices futures contracts' market, the performance can be attributed to the continued growth in trading of mini contracts, particularly by individual investors and by High Frequency Traders (HFT).

The trading/post-trading margin in cash equities was 3.992 bps. The 0.290 bps decrease is mostly explained by the discounts given to the market in accordance with B3's pricing policy⁴ in force and by the greater participation of day traders, who pay lower fees. The average RPC of the stock indices futures contracts in the period remained practically unchanged.

The average number of active investors in the equities depository grew 120.9%, mainly due to the increased interest in diversifying investments in a lower interest rate environment. Through our incentive programs, B3 continues to support brokerage firms that focus on attracting new customers to the market.

FICC

		3Q20	3Q19	3Q20/ 3Q19 (%)	2Q20	3Q20/ 2Q20 (%)
Interest rates in BRL	ADV (thousands of contracts)	2,718.6	2,926.3	-7.1%	2,822.0	-3.7%
	Average RPC (R\$)	0.954	0.823	15.9%	0.851	12.1%
Interest rates in USD	ADV (thousands of contracts)	238.5	367.3	-35.1%	257.3	-7.3%
	Average RPC (R\$)	2.371	1.701	39.4%	2.491	-4.8%
FX rates	ADV (thousands of contracts)	1,015.4	754.3	34.6%	979.2	3.7%
	Average RPC (R\$)	5.265	3.884	35.6%	5.317	-1.0%
Commodities	ADV (thousands of contracts)	15.9	8.5	87.8%	10.1	57.1%
	Average RPC (R\$)	2.203	2.051	7.4%	2.177	1.2%
Total	ADV (thousands of contracts)	3,988.4	4,056.4	-1.7%	4,068.6	-2.0%
	Average RPC (R\$)	2.142	1.475	45.2%	2.033	5.3%

The average daily traded volume totaled 4.0 million contracts, down 1.7%, reflecting mainly the decrease of 7.1% in ADV of interest rate contracts in BRL and of 35.1% in ADV of interest rate contracts in USD, which were partially offset by the 34.6% growth in ADV of exchange rate contracts, particularly the mini version of these contracts. Average RPC for the segment grew 45.2%, influenced primarily (i) by the 37.3% appreciation of the USD against the BRL in the period, with a positive impact on the RPC of FX Rate, Interest Rate in USD and Commodities contracts, since they are priced in US dollar, (ii) by the higher share of FX Rate contracts in the mix and (iii) by the increase in longer-term Interest Rate contracts in BRL, which have a higher RPC.

⁴ According to the table of fees in force in 3Q20, marginal discounts are granted to the market whenever the monthly daily average traded volume (ADTV) exceeds the levels of R\$9 billion, R\$11 billion and R\$13 billion.

OTC

Fixed Income Instruments

		3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
New issues	Bank funding (total in R\$ billion)	3,289.0	2,406.8	36.7%	2,812.1	17.0%
	Other (total in billion)	179.2	143.8	24.6%	217.5	-17.6%
Outstanding balance	Bank funding (average in R\$ billion)	2,044.1	1,430.5	42.9%	1,929.6	5.9%
	Corporate debt (average in R\$ billion)	697.1	640.5	8.8%	693.1	0.6%
	Other (average in R\$ billion)	711.1	640.1	11.1%	773.8	-8.1%
Treasury Direct	Number of investors (average in thousands)	1,343.1	1,130.5	18.8%	1,273.8	5.4%
	Stock (average in R\$ billion)	67.6	65.0	3.9%	66.0	2.4%

During the quarter, the volume of new issues and the outstanding positions of bank funding instruments showed a 36.7% and 42.9% increase, respectively, mainly as a result of the growth in issues of Bank Deposit Certificates and Interbank Deposit Certificates, which represented 58.4% and 38.1% of all new issues, respectively. Additionally, the average outstanding balance of corporate debt increased by 8.8%, which demonstrates the increasing relevance of the local debt capital market as a source of financing for companies in Brazil, with leasing debentures accounting for 29.3% of outstanding balance (vs. 32.6% in 3Q19).

Treasury Direct also recorded a positive performance, with a 18.8% increase in the number of investors and a 3.9% increase in stock. B3 offers an incentive program for brokerage firms to increase their number of investors and outstanding positions in this product. This incentive program is revised on a yearly basis, and the targets established for the year were adjusted to consider the results obtained in 2019. Additionally, B3 and the National Treasury announced in Jul/20 that, as of Aug/20, Treasury Selic custody fee will be waived for the first R\$10 thousand invested.

OTC Derivatives and Structured Operations

		3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Issues	(total in R\$ billions)	2,409.5	2,681.8	-10.2%	3,540.9	-32.0%
Outstanding balance	(average in R\$ billions)	4,137.1	2,646.6	56.3%	4,018.8	2.9%

Note: does not include Outstanding position of OTC derivatives with CCP.

The registration of new issues on the OTC derivatives and structured notes market decreased 10.2%, mainly due to a reduction in registration of Swap contracts and other derivatives⁵. Despite the fall in new issues, average outstanding balance increased 56.3% during the quarter, since most of these contracts are referenced in US dollars.

Infrastructure for Financing

		3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
SNG	Number of vehicles sold (thousands)	4,697.2	4,913.1	-4.4%	1,768.4	165.6%
	Number of vehicles financed (thousands)	1,527.0	1,581.6	-3.5%	870.3	75.5%
	% Vehicles financed/vehicles sold	32.5%	32.2%	0.3 pp	49.2%	-16.7 pp
Contracts System	Contracts added (thousands)	875.6	967.9	-9.5%	487.8	79.5%
	% Contracts added/vehicles financed	57.3%	61.2%	-3.9 pp	56.0%	1.3 pp

The number of inclusions in the National Liens System (SNG) decreased by 3.5%, impacted by the drop in economic activity resulting from the quarantine implemented in Brazil from Mar/20 onwards, in order to contain the spread of the COVID-19 pandemic. However, when compared to 2Q20, we see an increase of 165.6% in the number of vehicles sold, showing the first signs of recovery for the sector, as the government starts to relax social distancing measures and economic activity resumes. In the Contracts System, the number of transactions in 3Q20 was 9.5% lower, reflecting the decreased number of vehicles financed, combined with a reduction in B3's market share, which totaled 57.3% in the quarter.

Technology, Data and Services

		3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Monthly utilization	Average number of customers	14,176	13,335	6.3%	13,868	2.2%
CIP	Number of electronic cash transfers (TEDs) processed (thousands)	372,533	218,289	70.7%	299,206	24.5%

The average number of clients that pay the monthly utilization fees related to services in the OTC segment was up by 6.3% resulting mainly from growth of the asset management industry in Brazil. The number of TEDs processed increased by 70.7%, resulting mainly from the change in habits of bank customers during the COVID-19 pandemic.

⁵ Includes BOX, Flexible Options, Derivatives Contracted Abroad and Derivatives Linked to Loans.

INCOME STATEMENT

Revenues

Total revenues: R\$2,535.5 million, 48.6% higher reflecting stronger performances in all segments, with the exception of the Infrastructure for Financing business.

Listed: R\$1,682.4 million (66.4% of the total), up by 48.0%.

- **Equities and equity instruments:** R\$1,120.5 million (44.2% of the total), a 52.4% increase in the period.

Trading and Post-Trading: R\$985.8 million (38.9% of the total), a 57.9% increase reflecting the growth in volumes traded in cash equities and stock indices future contracts.

Depository: R\$42.1 million (1.7% of the total), up by 11.8% in the period. The 120.9% increase in the average number of accounts in the depository was partially offset by the reductions in revenue generated by the incentive program to expand the individual investor base in the equities market, which totaled R\$56.5 million in 3Q20⁶ (vs. R\$17.1 million for 3Q19).

Securities lending: R\$50.4 million (2.0% of the total), a 21.6% increase resulting from 24.8% higher average financial volume of outstanding positions.

Listing and solutions for issuers: R\$42.1 million (1.7% of the total), up by 33.4%, mainly as a result of the higher number of public offerings in the quarter, which raised R\$41.3 billion (13 IPOs and 12 follow-on) in 3Q20 versus R\$28.0 billion (13 follow-ons) in 3Q19.

- **FICC:** R\$562.0 million (22.2% of the total), up by 40.0%, resulting mainly from the appreciation of the US dollar, which had a positive impact on the RPC of FX rate contracts, Interest rate contracts in USD and Commodities contracts.

OTC: R\$262.9 million (10.4% of the total), up by 9.5%.

- Fixed income instruments: R\$159.5 million (6.3% of the total), up by 6.2%, mainly due to the new classification of expenses related to the Treasury Direct (*Tesouro Direto*) incentive program. In 3Q20, revenue from Treasury Direct was R\$40.4 million (market incentives related to this product totaled R\$15.0 million in the quarter and are classified as revenue-linked expenses). In 3Q19, revenue was R\$7.2 million (R\$40.6 million in revenue and R\$33.4 million in incentives classified as revenue reducers⁷). It should be noted that the growth in new issues and outstanding balance of bank funding products is not fully translated into revenue growth due to the new pricing policy announced in the beginning of the year. Following this pricing policy change, B3 waived some service fees related to volumes and included these services in the monthly usage service package (reported in the Technology and Access revenue line), thereby sharing part of its operating leverage with the market.
- Derivatives and structured transactions: R\$62.1 million (2.4% of the total), an increase of 28.7%, despite the fall of 10.2% in the volume of new issues, due to the combination of the effects of i) the increase in average price of new issues due to the mix of contracts in the quarter, mainly swaps; and ii) the appreciation of the dollar against the real, as a significant part of the OTC derivative contracts' face values are in US dollar.
- Other: R\$41.3 million (1.6% of the total), down by 1.1% as a result of the Company's new pricing policy whereby part of the revenue related to the volume of services provided and maintenance of end users was transferred to the monthly utilization service, with a positive impact in the Technology and Access revenue line.

Infrastructure for financing: R\$111.6 million (4.4% of the total), down by 19.0%. This drop can be attributed mostly due to the negative effects of the Covid-19 pandemic in the vehicle sales and financing market.

Technology, data and services: R\$290.5 million (11.5% of the total), an increase of 51.1%.

- **Technology and access:** R\$190.1 million (7.5% of the total), an increase of 66.8%, especially due to growth in the monthly utilization revenue line, which was driven by (i) changes in pricing for the monthly utilization service package and OTC fees, as previously explained, and (ii) a 6.3% increase in the number of market participants accessing the OTC segment platforms and (iii) the annual price adjustment for inflation (IGP-M).
- **Data and analytics:** R\$61.0 million (2.4% of the total), an increase of 37.0%, which is mainly due to the appreciation of the US Dollar, given that 42.6% of this revenue was linked to the US Dollar in 3Q20.
- **Bank:** R\$13.2 million (0.5% of total), a 16.0% increase, explained mostly by the appreciation of the US Dollar in the period.
- **Others:** R\$26.1 million, (1.0% of total), a 16.8% increase.

Reversal of Provisions: R\$188.1 million (7.4% of the total), mainly explained by the reversal of R\$187 million provision relating to a legal dispute with Spread, which was settled in August.

The end of the legal dispute with Spread, upon settlement in the amount of approximately R\$140 million, resulted in a provision reversal of R\$239 million in 3Q20 and the exclusion of this liability from our financial statements, which at the end of 2Q20 amounted to R\$379 million. This provision reversal was recognized in 3Q20 partly in the revenue line (non-recurring positive impact of R\$187 million) and partly in the expense line (non-recurring positive impact of expense reversal in the amount of R\$52 million), and also had an impact in the deferred income tax and social contribution line (R\$81 million).

⁶ The incentive program to attract investors to the stock market offers bonuses in the form of partial exemption of custody fees for brokers reaching performance targets related to growth in the number of accounts and in the balance deposited by this group of investors. Results of this program are determined and distributed on a semi-annual basis.

⁷ Before the change in classification of these incentive programs as from 1Q20.

Net revenues: R\$2,288.8 million, an increase of 49.6%.

Expenses

Expenses totaled R\$648.5 million, down 4.3%.

- **Personnel and charges:** R\$215.2 million, an increase of 2.1%, mostly due to the annual salary adjustment for inflation under the collective bargaining agreement.
- **Data processing:** R\$63.3 million, an increase of 7.0%, due to new projects and the acceleration of the implementation of outstanding ones for upgrades in infrastructure, processes, functionalities and controls of the business and corporate platforms, in line with the 2020 roadmap.
- **Depreciation and amortization:** R\$264.3 million, up by 2.7%, mainly due to the beginning of the amortization of new projects.
- **Revenue-linked expense:** R\$56.2 million, an increase of 15%, explained by the effect of the addition to this line of the incentives related to the Treasury Direct program, which totaled R\$15.0 million in the quarter, the sharp increase in the price of gold, which affects B3's gold custody business, where we both charge (revenues) and pay (revenue linked expenses) fees in bps over the price of gold, and the increase in number of IPOs during the quarter.
- **Third-party services:** totaled R\$16.6 million, an increase of 11.6%, due to the growth in expenses related to projects under implementation.
- **Other:** totaled R\$17.4 million in the quarter, a combination of the effects of i) the reversal of the provision related to the legal dispute with Spread, in the amount of R\$52.3 million; ii) other legal, civil, and tax-related provisions, and iii) other recurring expenses.

Adjusted Expenses: R\$283.8 million, in line with 3Q19.

(R\$ thousand)	3Q20	3Q19	3Q20/3T19 (%)	2Q20	3Q20/2Q20 (%)
Expenses	(648,458)	(677,673)	-4.3%	(733,372)	-11.6%
(+) Depreciation and Amortization	264,348	257,295	2.7%	244,232	8.2%
(+) Long term stock-based compensation	39,992	41,407	-3.4%	35,125	13.9%
(+) Provisions (recurring and non-recurring)	4,135	49,198	-91.6%	138,123	-97.0%
(+) Revenue-linked expenses	56,167	48,854	15.0%	40,635	38.2%
Adjusted expenses	(283,815)	(280,919)	+1.0%	(275,312)	3.1%

Recurring EBITDA

Recurring EBITDA totaled R\$1,665.7 million, up by 50.1%, with recurring EBITDA margin reaching 79.2%, 672 bps higher.

(R\$ million)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
EBITDA	1,904.7	1,109.4	65.6%	1,419.2	29.4%
(+) Reversal of Spread legal dispute provision (revenues)	(186.7)	-	-	-	-
(+) Reversal of Spread legal dispute provision (expenses)	(52.3)	-	-	-	-
Recurring EBITDA	1,665.7	1,109.4	50.1%	1,419.2	17.4%
<i>EBITDA Margin</i>	<i>79.2%</i>	<i>72.5%</i>	<i>672 bps</i>	<i>74.4%</i>	<i>487 bps</i>

Financial Result

Financial revenues totaled R\$69.1 million in the quarter, a decrease of 56.2%, which can mainly be attributed to lower interest rates. The 39.0% reduction in the Company's financial expenses, which totaled R\$72.0 million, is explained, mostly, by the reduction in interest paid during the quarter, due to the maturity of the bond in Jul/20. The Company's financial result was also negatively impacted by the FX variation on loans in foreign currency and on the Company's foreign investments, which totaled R\$23.6 million in the quarter.

(R\$ thousand)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Financial Result	(26,425)	(5,477)	382.5%	(11,409)	131.6%
Financial income	69,171	157,820	-56.2%	89,324	-22.6%
Financial expenses	(72,012)	(118,083)	-39.0%	(62,241)	15.7%
Net FX variations	(23,584)	(45,214)	-47.8%	(38,492)	-38.7%

The table below demonstrates the impacts of the FX variation on loans in foreign currency and on the Company's foreign investments, both in the financial result line and in the income tax and social contribution line.

(R\$ thousand)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20(%)
Financial result	(26,425)	(5,477)	-	(11,409)	131.6%
(+/-) Effects of FX variation on financial income	25,838	52,115	-50.4%	43,503	-40.6%
Adjusted financial income (excluding FX variation effects)	(587)	46,638	-101.3%	32,094	-101.8%
Income before income tax	1,547,091	847,343	82.6%	1,164,133	32.9%
(+/-) Effects of FX variation on financial income	25,838	52,115	-50.4%	43,503	-40.6%
Income before tax on adjusted income (excluding FX variation effects)	1,572,929	899,458	74.9%	1,207,636	30.2%
Income tax and social contribution	(410,595)	(127,737)	221.4%	(272,374)	50.7%
(+/-) Effects of FX variation on income tax and social contribution	(25,838)	(52,115)	-50.4%	(43,503)	-40.6%
Adj. income tax and social contribution (excluding FX variation effects)	(436,433)	(179,852)	142.7%	(315,877)	38.2%

Income tax and social contribution

Income tax and social contribution totaled R\$410.6 million in 3Q20 and was affected by the payment of interest on capital (IoC) in the amount of R\$302.0 million. Current tax totaled R\$136.1 million and includes R\$4.2 million with cash impact. Deferred income tax and social contribution totaled R\$274.5 million, without any cash impact. This amount mainly consists of temporary differences in the amortization of goodwill for tax purposes of R\$119.6 million in 3Q20 and of R\$154.8 million in reversal of tax credits.

Net Income

Net income attributable to B3's shareholders totaled R\$1,137.0 million, an increase of 58.0%.

(R\$ thousand)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Net income (attributable to shareholders)	1,136,984	719,830	58.0%	892,388	27.4%
(+) Reversal of Spread legal dispute provision (revenues & expenses)	(238,995)	-	-	-	-
(+) Impairment loss	67,723	-	-	-	-
(+) Tax impact from provision reversal and impairment loss	57,835	-	-	-	-
(+) Amortization of intangibles (Cetip combination)	119,660	131,177	-8.8%	119,567	0.1%
Recurring net income	1,143,207	851,007	34.3%	1,011,955	13.0%
(+) Deferred Tax (goodwill from the Cetip combination)	119,628	119,629	0.0%	119,628	0.0%
Recurring net income adjusted by goodwill tax benefit	1,262,835	970,636	30.1%	1,131,583	11.6%

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

Excluding the amortization of intangible assets related to the combination with Cetip, the impact of the non-recurring impact of the reversion of the provision related to the legal dispute with Spread (in the revenues, expenses and tax expense lines) and a non-recurring impairment loss related to the real estate platform, net income would have totaled R\$1,143.2 million⁸ in the quarter, an increase of 34.3%. Moreover, if adjusted for the tax benefit resulting from the amortization of goodwill in connection with the Cetip combination, net income would have totaled R\$1,262.8 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2020

Assets, Liabilities and Shareholders' Equity Accounts

The Company ended the quarter with total assets of R\$45.4 billion, an increase of 13.4% against Dec/19. The main changes in assets occurred in Cash and Cash Equivalents (current and non-current), which together totaled R\$16.9 billion, reflecting (i) the Company's cash generation during the quarter and (ii) the increase in the volume of collateral deposited in cash (also reported in current liabilities). This cash position includes R\$302.0 million in interest on capital for 3Q20 and R\$1,324.9 million in dividends related to the first half of 2020, already paid to shareholders in October.

As for liabilities, at the end of 3Q20, B3's gross debt amounted to R\$6.9 billion (99.8% long term and 0.2% short term), a balance that includes a R\$1.25 billion bank loan taken out in June and a R\$3.55 billion local bond issued at the end of August. It is worth mentioning that, in July, B3 repaid its US\$612 million 2020 Global Bond (principal due in the amount of R\$3.4 billion less R\$1.1 billion in hedge instruments contracted). Gross debt at the end of September was 1.2x recurring EBITDA for the last 12 months. Shareholders' equity at the end of Sep/20 was R\$25.0 billion, consisting mainly of the capital reserve of R\$9.1 billion (against R\$18.1 billion for Dec/19) and the share capital of R\$12.5 billion (against R\$3.5 billion for Dec/19). The changes in shareholders' equity are explained by a capital increase through the capitalization of capital reserves, which took place in Mar/20.

⁸ B3's objective in presenting recurring net income is to facilitate comparison between periods and, consequently, the assessment of the Company's performance, highlighting non-recurring items which are not necessarily directly related to the normal course of its business.

OTHER FINANCIAL INFORMATION

CAPEX

In 3Q20, CAPEX amounted to R\$108.3 million, mainly related to technological upgrades for all of the segments in which B3 operates, as well as for new product development and for the retrofit project of the Company's new headquarters (engineering, furniture and technology). In 9M20, Capex totaled R\$245.8 million.

Distributions to shareholders

On September 21, 2020, the Board of Directors approved the payment of IoC for 3Q20 in the amount of R\$302.0 and dividends for the first half of 2020 in the amount of R\$1,324.9 million. The amount of distributions was paid on October 7, 2020 based on the shareholders register as of September 24, 2020. Additionally, share buybacks totaled R\$110.5 million in the quarter⁹. During the first nine months of 2020 (9M20), B3 has returned a total of R\$2.5 billion to its shareholders (R\$1.3 billion in the form of dividends, R\$0.9 billion as IoC, and R\$0.3 billion through buybacks).

⁹ Subsequently, B3 bought back 2,230,000 shares between October 1st and October 26th, 2020, respecting the blackout period, as determined by CVM Instruction 358, in accordance with the Company's buyback program approved by the Board on March 5, 2020.

CONSOLIDATED INCOME STATEMENT

(R\$ thousand)	3Q20	3Q19	3Q20/3Q19 (%)	2Q20	3Q20/2Q20 (%)
Total revenues	2,535,465	1,706,592	48.6%	2,129,064	19.1%
Listed	1,682,442	1,136,521	48.0%	1,512,047	11.3%
Cash equities and equities instruments	1,120,468	735,002	52.4%	994,883	12.6%
Trading and post-Trading	985,812	624,270	57.9%	893,887	10.3%
Depository	42,114	37,681	11.8%	40,257	4.6%
Securities lending	50,443	41,495	21.6%	41,700	21.0%
Listing and services for issuers	42,099	31,556	33.4%	19,039	121.1%
Interest Rates BRL, FX and commodities	561,974	401,519	40.0%	517,164	8.7%
Trading and Post-Trading	561,974	401,519	40.0%	517,164	8.7%
OTC	262,857	240,156	9.5%	262,784	0.0%
Fixed Income	159,492	150,166	6.2%	161,763	-1.4%
Derivatives	62,078	48,232	28.7%	63,029	-1.5%
Other	41,287	41,758	-1.1%	37,992	8.7%
Infrastructure for financing	111,564	137,682	-19.0%	78,639	41.9%
Technology, data and services	290,467	192,225	51.1%	275,547	5.4%
Technology and access	190,142	113,969	66.8%	178,034	6.8%
Data and analytics	61,037	44,545	37.0%	63,308	-3.6%
Bank	13,229	11,408	16.0%	11,809	12.0%
Other	26,059	22,303	16.8%	22,396	16.4%
Reversal of provisions	188,135	8	-	47	-
Sales taxes	(246,682)	(176,821)	39.5%	(220,732)	11.8%
PIS and Cofins	(206,373)	(147,771)	39.7%	(185,288)	11.4%
Service tax	(40,309)	(29,050)	38.8%	(35,444)	13.7%
Net revenues	2,288,783	1,529,771	49.6%	1,908,332	19.9%
Expenses	(648,458)	(677,673)	-4.3%	(733,372)	-11.6%
Personnel	(215,214)	(210,728)	2.1%	(207,403)	3.8%
Data processing	(63,318)	(59,157)	7.0%	(63,183)	0.2%
Depreciation and amortization	(264,348)	(257,295)	2.7%	(244,232)	8.2%
Revenue-linked expenses	(56,167)	(48,854)	15.0%	(40,635)	38.2%
Third-party services	(16,623)	(14,896)	11.6%	(11,303)	47.1%
Maintenance	(4,696)	(5,625)	-16.5%	(5,718)	-17.9%
Marketing	(4,571)	(7,568)	-39.6%	(3,933)	16.2%
Taxes	(2,909)	(2,359)	23.3%	(2,658)	9.4%
Board and committee members' compensation	(3,215)	(3,283)	-2.1%	(3,242)	-0.8%
Others	(17,397)	(67,908)	-74.4%	(151,065)	-88.5%
Operating income	1,640,325	852,098	92.5%	1,174,960	39.6%
Operating margin	71.7%	55.7%	1.597 bps	61.6%	1.010 bps
Impairment	(67,723)	-	-	-	-
Equity in income of investees	914	722	26.6%	582	57.0%
Financial Result	(26,425)	(5,477)	382.5%	(11,409)	131.6%
Financial income	69,171	157,820	-56.2%	89,324	-22.6%
Financial expenses	(72,012)	(118,083)	-39.0%	(62,241)	15.7%
Net FX variation	(23,584)	(45,214)	-47.8%	(38,492)	-38.7%
Income before taxes	1,547,091	847,343	82.6%	1,164,133	32.9%
Income tax and social contribution	(410,595)	(127,737)	221.4%	(272,374)	50.7%
Current	(136,145)	(71,901)	89.4%	(145,501)	-6.4%
Deferred	(274,450)	(55,836)	391.5%	(126,873)	116.3%
Net income	1,136,496	719,606	57.9%	891,759	27.4%
Net margin	49.7%	47.0%	261 bps	46.7%	293 bps
Attributable to:					
B3's shareholders	1,136,984	719,830	58.0%	892,388	27.4%
Net margin	49.7%	47.1%	262 bps	46.8%	291 bps
Minority interest	(488)	(224)	117.9%	(629)	-22.4%

SUMMARY OF THE CONSOLIDATED BALANCE SHEET

ASSETS	09/30/2020	31/12/2019	LIABILITIES AND EQUITY	09/30/2020	31/12/2019
Current assets	16,112,515	10,454,127	Current liabilities	8,568,387	8,055,193
Cash and cash equivalents	1,290,332	494,033	Collateral for transactions	4,522,420	3,013,447
Financial Investments	13,306,659	8,631,578	Financial instruments for hedge	10,294	794
Others	1,515,524	1,328,516	Loan	40,673	2,537,993
Noncurrent assets available for sale	14,878	14,878	Others	3,995,000	2,502,959
Noncurrent assets	29,251,015	29,558,310	Noncurrent Liabilities	11,821,733	6,570,889
Long-term receivables	2,568,535	2,333,685	Debt issued abroad	6,841,648	1,826,554
Financial Investments	2,283,650	2,037,970	Deferred inc. tax and social contribution	4,272,268	3,788,388
Other	284,885	295,715	Others	707,817	955,947
Investments	47,320	47,223	Equity	24,988,288	25,401,233
Property and equipment, net	743,484	689,853	Capital	12,548,655	3,548,655
Intangible assets	25,891,676	26,487,549	Capital reserve	9,086,492	18,104,738
Goodwill	22,417,778	22,416,150	Other	3,341,627	3,747,840
Software and projects	3,473,898	4,071,399	Non-controlling interests	11,514	13,232
Total Assets	45,378,408	40,027,315	Total liabilities and equity	45,378,408	40,027,315