

CONFERENCE CALL (English)

10:00 a.m. (Brasília) /

8:00 a.m. (NYC)

Brazil: +55 (11) 3181-8565

+55 (11) 4210-1803

U.S. Toll Free: +1 (844) 204-8942

U.S. Dial-In: +1 (412) 717-9627

Password: B3

Webcast:

<https://choruscall.com.br/b3/3q21.1.htm>

CONFERENCE CALL (Portuguese)

11:00 a.m. (Brasília) /

9:00 a.m. (NYC)

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B3 ANNOUNCES RESULTS FOR THE THIRD QUARTER OF 2021

São Paulo, November 11, 2021 - B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; B3SA3) reports today its third quarter (3Q21) earnings. Total revenues reached R\$2,513.2 million, in line with the same period of the previous year, while recurring EBITDA totaled R\$1,820.2 million, up by 9.3%. The Company’s recurring net income¹ totaled R\$1,291.6 million.

MESSAGE FROM B3’S MANAGEMENT

In a scenario of higher inflation and, as a result, rising interest rates, our markets continue to show solid performance. In equities, ADTV amounted to R\$31.5 billion, up by 9.6% compared to 3Q20, and 4.9% down against 2Q21 (partially explained by the summer vacation seasonality). In listed derivatives, ADV totaled 4.6 million contracts, up by 16.3% and 8.1% compared to the 3Q20 and 2Q21, respectively.

In 3Q21, public offerings continued to show strong activity, with R\$48.5 billion raised in 17 IPOs and 8 follow-ons. The number of individual investors in the equities market increased by 4.1% compared to 2Q21, reaching 3.3 million individuals.

Still on IPOs, in August, the Brazilian Corporate Law was amended to authorize the adoption of “super voting rights,” which makes it possible to create new classes of shares with greater proportional voting rights in companies that intend to go public. B3 believes that the authorization for the super voting share can positively impact the number of IPOs in the country.

In 3Q21, revenues totaled R\$2.5 billion, down by 0.9% and 6.1% compared to 3Q20 and 2Q21, respectively. It is important to note that revenues in 3Q20 and 2Q21 were positively impacted by the reversal of non-recurring provisions – excluding these reversals, revenues in this quarter would have been 7.1% greater than in 3Q20, and 1.4% lower than in 2Q21, respectively. Recurring net income was R\$1.3 billion, up by 13.0% and 4.9% compared to 3Q20 and 2Q21, respectively.

Another highlight of the quarter was the issuance, in September, of international bonds amounting to USD700 million, diversifying the Company’s sources of funding, and providing liquidity which will be used for debt redemptions scheduled for 2022. The bonds have a 10-year maturity, with semi-annual interest payments of 4.125% p.a., and are the first sustainability-linked bonds issued by an exchange in the world. In this transaction B3 has committed itself to two diversity goals: (i) creating a diversity index by Dec/24; and (ii) increasing the share of women in leadership positions at B3 to a minimum of 35.0% by Dec/26. After this issuance, the Company reviewed its financial leverage forecast for the year, from up to 1.5x to up to 2.0x Gross Debt to recurring LTM EBITDA.

After the end of 3Q21, B3 signed a commitment to acquire 100% of Neoway, a technology company specialized in big data analytics and artificial intelligence for businesses. The total value of the acquisition is R\$1.8 billion, and deal closing is subject to approval by CADE (Administrative Council for Economic Defense), CVM (Brazilian Securities Commission) and B3’s Extraordinary Shareholders’ Meeting (ESM - to be held on December 9th, according to the [Call Notice](#)). The acquisition of Neoway is an important step in the Company’s strategy to diversify its revenues and expand its presence in attractive markets linked to its core business, in this case, data and analytics. Neoway will strengthen B3’s development capabilities and accelerate the go-to-market of data and analytics products for the financial and capital markets, as well as credit and retail, serving both financial and non-financial customers.

Still in October, B3 agreed to invest USD10 million in the series B capital raising round of Pismo Holdings, a techfin that offers a platform for processing financial services in the cloud. With this investment, B3 seeks to build an even closer relationship with a key supplier for future developments in its markets. The conclusion of the investment is subject to CVM approval.

Finally, after getting the regulatory approvals from CADE and CVM, B3 concluded the investment of R\$600 million in Dimensa. B3 holds a 37.5% stake in the company, while TOTVS holds 62.5%.

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Total revenues	2,513.2	2,535.5	-0.9%	2,675.8	-6.1%
Net revenues	2,254.7	2,288.8	-1.5%	2,417.7	-6.7%
Expenses	(706.8)	(648.5)	9.0%	(749.3)	-5.7%
Financial result	20.5	(26.4)	-	132.1	-84.5%
Net income	1,176.1	1,136.5	3.5%	1,193.3	-1.4%
Adjusted expenses ²	(343.3)	(283.8)	21.0%	(324.4)	5.8%
Recurring EBITDA	1,820.2	1,665.7	9.3%	1,853.3	-1.8%
EBITDA margin (recurring)	80.7%	79.2%	149 bps	80.9%	-22 bps
Recurring net income	1,291.6	1,143.2	13.0%	1,231.0	4.9%

Guidance for 2021

REAFFIRMED:

- (i) Capex (R\$420 million to R\$460 million);
- (ii) Revenue-linked expenses (R\$225 million to R\$265 million);
- (iii) Depreciation and amortization (R\$1,060 million to R\$1,110 million);
- (iv) Payout (120% to 150% of corporate net income); and
- (v) Adjusted operating expenses budget (from R\$1,295 million to R\$1,345 million).

REVISED as per [Material Fact published on 09/15/21](#):

- (i) Leverage (from 1.5x to up to 2.0x of gross debt/recurring EBITDA LTM in the last 12 months).

¹ See the conciliation on page 5

² Expenses adjusted for: (i) depreciation and amortization; (ii) long-term share-based incentive program – principal and charges; (iii) provisions; (iv) revenue-linked expenses and (v) non-recurring expenses with contract termination.

Operational Performance

All comparisons in this document are in relation to the third quarter of 2020 (3Q20), unless otherwise stated.

Listed

Equities

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Cash market	ADTV (R\$ million)	31,532.1	28,759.7	9.6%	33,146.4	-4.9%
	Margin (bps)	3.493	3.992	-0.499 bps	3.799	-0.306 bps
Average market capitalization	(R\$ billion)	5,453.5	4,233.8	28.8%	5,485.8	-0.6%
Turnover velocity	Annualized (%)	142.8%	169.1%	-2,633 bps	149.2%	-643 bps
Options market (stock/indices)	ADTV (R\$ million)	740.4	600.9	23.2%	730.6	1.3%
	Margin (bps)	12.502	12.732	-0.230 bps	13.131	-0.629 bps
Forward market	ADTV (R\$ million)	332.4	207.9	59.9%	427.9	-22.3%
	Margin (bps)	11.017	13.004	-1.987 bps	9.356	1.661 bps
Stock indices futures	ADV (thousands of contracts)	4,249.1	2,659.2	59.8%	3,531.7	20.3%
	Average RPC (R\$)	0.877	0.994	-11.7%	0.914	-4.0%
Number of individual investors (CPFs)	Average (thousand)	3,293.9	2,485.4	32.5%	3,163.8	4.1%
Number of accounts in depository	Average (thousand)	3,954.2	2,980.1	32.7%	3,774.0	4.8%
Securities lending	Average open positions (R\$ billion)	102.0	75.1	35.9%	109.4	-6.8%

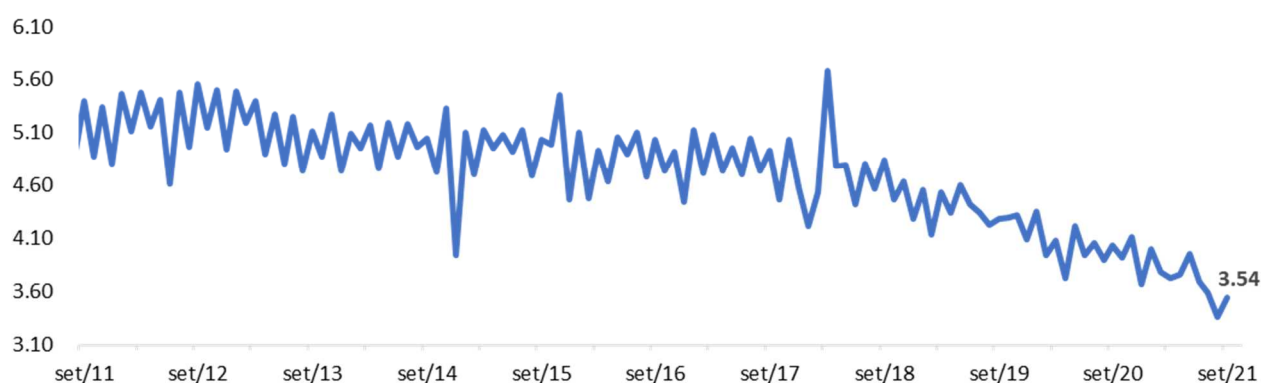
Note: "ADTV" stands for Average Daily Traded Volume; "ADV" stands for Average Daily Volume; "RPC" stands for Revenue per Contract; "bps" stands for basis points; "turnover velocity" results from dividing the volume traded on the spot market in the period by the average market capitalization for the period.

In the equities segment, the highlights were the 9.6% growth in the average daily volume traded (ADTV) in the cash equities market and the 59.8% growth in the volume of stock indices futures contracts. In the cash equities market, this increase reflects a higher average market capitalization, driven by the public offerings held in the last twelve months, and the recovery of the assets listed in the segment, which remained depreciated in 3Q20 due to the pandemic. Turnover velocity was 142.8%, down against the high levels recorded in the same period of the previous year. The positive performance of futures contracts is explained by the growth in trading of the "mini" version of these contracts, particularly, by High Frequency Traders (HFT).

The trading/post-trading margin in cash equities market was 3.493 bps. The 0.499 bps decrease was mainly due to (i) the new pricing policy for the equities market, in effect since Feb/21³, 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 traders⁴, which consists of a differentiated table of discounts in fees charged from customers who are included in specific levels of monthly trading volumes. The average RPC of stock indices future contracts was R\$0.877, down 11.7%, particularly due to the increase in volumes.

The new pricing policy for equities is consistent with B3's strategy to lower fees by sharing operating leverage gains.

Margin in the equities market (bps)



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

The average number of accounts in the equities' depository was up by 32.7%, reflecting the continuous search by individual investors for higher-risk assets. Finally, the volume of outstanding positions for securities lending grew 35.9% year-over-year, influenced by the appreciation of assets in the stock market.

³ 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.

⁴ Further information available in [Circular Letter 040/2021-PRE](#)

FICC

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Interest rates in BRL	ADV (thousands of contracts)	3,251.8	2,718.6	19.6%	2,951.5	10.2%
	Average RPC (R\$)	0.928	0.954	-2.7%	0.958	-3.1%
Interest rates in USD	ADV (thousands of contracts)	278.7	238.5	16.9%	275.3	1.2%
	Average RPC (R\$)	2.556	2.371	7.8%	2.808	-9.0%
FX rate	ADV (thousands of contracts)	1,082.1	1,015.4	6.6%	1,040.7	4.0%
	Average RPC (R\$)	4.955	5.265	-5.9%	5.662	-12.5%
Commodities	ADV (thousands of contracts)	23.9	15.9	50.6%	23.0	3.9%
	Average RPC (R\$)	1.763	2.203	-20.0%	2.166	-18.6%
Total	ADV total (thousands of contracts)	4,636.6	3,988.4	16.3%	4,290.5	8.1%
	Average RPC (R\$)	1.970	2.142	-8.0%	2.224	-11.4%

The average daily volume in 3Q21 was 4.6 million contracts, up by 16.3%, reflecting higher volumes traded in all products. Average RPC fell 8.0% in the period, primarily influenced by (i) the 3.1% depreciation of the USD against the BRL at the end of the months, which had a negative impact on the RPC of FX rates and interest rates contracts in USD, since they are priced in US dollars, and (ii) the higher concentration of day trade in the trading of future interest rate contracts, resulting in lower RPC for this product.

OTC

Fixed Income Instruments

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
New Issues	Bank funding (total in R\$ billions)	3,399.0	3,289.0	3.3%	3,137.4	8.3%
	Other (total in billions)	169.6	179.2	-5.3%	149.8	13.2%
Outstanding balance	Bank funding (average in R\$ billions)	2,198.8	2,044.1	7.6%	2,161.4	1.7%
	Corporate debt (average in R\$ billions)	744.8	697.1	6.8%	706.2	5.5%
	Other (average in R\$ billions)	850.1	711.1	19.5%	846.7	0.4%
Treasury Direct	Number of investors (average in thousands)	1,633.6	1,343.1	21.6%	1,529.0	6.8%
	Stock (average in R\$ billions)	69.9	67.6	3.5%	67.6	3.4%

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).

In 3Q21, higher interest rates impacted the growth in volume of fixed income products. The volume of issues and the outstanding positions of bank funding instruments increased by 3.3% and 7.6% respectively, mainly due to the increase in issuances of certificates of deposit by banks, which represented 71.8% of new issues in the quarter. The average outstanding balance of corporate debt instruments increased by 6.8%, with debentures of leasing accounting for 20.3% of the outstanding balance of corporate debt in 2Q21 (vs. 29.3% in 3Q20).

Another highlight in the fixed-income market was the continuous growth in Treasury Direct (TD), where number of investors and outstanding balance were up by 21.6% and 3.5%, 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, to adjust the program to different client sizes, we announced a new format with two incentive models, depending on the broker's outstanding balance⁵ in TD. The budget for the program in 2021 is R\$85 million, which is recognized as a revenue-linked expense. Additionally, in July 2020, B3 and the National Treasury announced that, as of August 2020, the custody fee for investments in Treasury Selic has been waived for the first R\$10 thousand invested.

OTC Derivatives and Structured Transactions

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Issues	(total in R\$ billion)	2,528.1	2,409.5	4.9%	2,618.5	-3.5%
Outstanding	(average in R\$ billion)	5,236.4	4,137.1	26.6%	4,919.9	6.4%

Registrations of new issues on the OTC derivatives and structured notes market grew by 4.9%, with highlight to the increased issue of swaps and forward contracts. In the same comparison, the average outstanding balance was up by 26.6%, driven by the BRL against the USD.

⁵ 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

Infrastructure for Financing

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
	Number of vehicles sold (thousands)	5,068.6	4,697.2	7.9%	4,699.7	7.9%
SNG	Number of vehicles financed (thousands)	1,563.1	1,527.0	2.4%	1,487.8	5.1%
	% vehicles financed / vehicles sold	30.8%	32.5%	-1.7 pp	31.7%	-0.8 pp
Contracts	Contracts added (thousands)	754.5	875.6	-13.8%	767.5	-1.7%
System	% Contracts added / vehicles financed	48.3%	57.3%	-9.1 pp	51.6%	-3.3 pp

The number of vehicles sold grew by 7.9% in Brazil, reflecting the recovery of the market after the impact of the Covid-19 pandemic. The number of additions to the National Liens System (SNG) increased by 2.4%, despite the lower credit penetration due to a macroeconomic scenario less favorable to financing.

The number of transactions in the Contracts System decreased by 13.8% in the quarter. 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 contract data availability model and pricing.

Technology, data and services

		3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Monthly Utilization	Average number of customers	16,428	14,176	15.9%	15,937	3.1%
CIP	Number of electronic cash transfers (TEDs) processed (thousands)	205,959	372,533	-44.7%	229,027	-10.1%

The average number of customers that pay for the monthly use of OTC segment systems increased by 15.9%, mainly due to the fund industry's growth in Brazil. The number of TEDs (electronic transfers) processed was down by 44.7%, due to growing use of instant payment (PIX) in the period.

INCOME STATEMENT

Revenues

Total revenues: R\$2,513.2 million, down by 0.9%, with growth in the revenues of all our segments. The decrease in revenues is mainly explained by the reversal of provisions in the amount of R\$188.1 million in 3Q20.

Listed: R\$1,751.5 million (69.7% of the total), up by 4.1%.

- **Equities and equity instruments:** R\$1,165.6 million (46.4% of total), up by 4.0% in the period.
 - **Trading and post-trading:** R\$1,025.9 million (40.8% of total), up by 4.1%, reflecting growing volumes traded in cash equities and stock indices futures.
 - **Depository:** R\$36.6 million (1.5% of total), down by 13.0% in the period, mainly due to the new pricing policy for the equities market, which came into effect in February/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\$57.8 million (2.3% of total), up by 14.6%, due to the 35.9% increase in the average financial volume of outstanding positions.
 - **Listing and solutions for issuers:** R\$45.3 million (1.8% of total), up by 7.7% mainly due to the volume of R\$48.5 billion in 25 offerings in 3Q21, versus R\$42.3 billion in 3Q20.
- **FICC:** R\$585.9 million (23.3% of total), up by 4.3%, reflecting higher volumes traded in all contracts.

OTC: R\$292.4 million (11.6% of total), up by 11.3%.

- **Fixed income instruments:** R\$178.8 million (7.1% of total), an increase of 12.1%, 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 outstanding, and (iii) increase in revenue from Tesouro Direto, which in 3Q21 was R\$41.7 million (market incentives linked to this product totaled R\$12.6 million in the quarter and are classified as an revenue-linked expenses), while in 3Q20, revenue was R\$40.4 million.
- **Derivatives and structured transactions:** R\$68.6 million (2.7% of total), up by 10.5%, due to the increased volume of issues and higher average financial volume of the outstanding balance of derivatives and structured transactions.
- **Other:** R\$45.0 million (1.8% of total), up by 9.1%, reflecting increased outstanding balance of fund quotas.

Infrastructure for financing: R\$123.6 million (4.9% of total), an increase of 10.8%, due to (i) the recovery of the vehicles segment after the impact of the Covid-19 pandemic in Brazil, (ii) the annual adjustment of prices according to inflation (IPCA), and (iii) the growth in revenues from real estate.

Technology, data and services: R\$345.4 million (13.7% of total), up by 18.9%.

- **Technology and access:** R\$219.7 million (8.7% do total), up by 15.5%, with emphasis on the growth of the monthly utilization, driven by (i) the increase in customers accessing OTC platforms, and (ii) the annual adjustment of prices according to inflation (IPCA).
- **Data and analytics:** R\$74.0 million (2.9% of total), up by 21.2%, mainly due to the growth in revenues from Market Data, explained by the higher number of access to data supplied by B3 in real time.
- **Bank:** R\$23.1 million (0.9% of total), up by 74.7%, mainly due to the higher volume of BDRs in the period.
- **Other:** R\$28.6 million (1.1% of total), up by 9.7%, with emphasis on the growth of revenues from auctions.

Net revenues: down by 1.5%, reaching R\$2,254.7 million.

Expenses

Expenses totaled R\$706.8 million, up by 9.0%.

- **Personnel and charges:** R\$238.7 million, up by 10.9%, mainly explained by (i) the annual salary adjustment by inflation (collective bargaining agreement), and (ii) new hires.
- **Data processing:** R\$91.7 million, an increase of 44.8%, due to the intensification of projects to improve services, launch new products and increase capacity.
- **Depreciation and amortization:** R\$272.3 million, up by 3.0%.
- **Revenue-linked expenses:** R\$60.9 million, an increase of 8.4%, mainly due to (i) higher expenses with Portal de Documentos operations, with increased volume of real estate financing transactions, and (ii) a larger number of IPOs in the quarter.
- **Third-party services:** totaled R\$19.8 million, up by 18.8%, due to higher expenses with consulting fees.
- **Others:** totaled R\$6.7 million, down by 61.2%, due to the reduction in provisions for court disputes.

Adjusted Expenses: R\$343.3 million, up by 21.0%, mainly reflecting the growth in data processing and personnel expenses, as explained above.

Reconciliation of adjusted expenses

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Expenses	(706.8)	(648.5)	9.0%	(749.3)	-5.7%
(+) Depreciation and amortization	272.3	264.3	3.0%	264.8	2.8%
(+) Long term stock-based compensation	34.4	40.0	-14.1%	34.8	-1.2%
(+) Provisions (recurring and non-recurring)	(4.1)	4.1	-	13.9	-
(+) Revenue-linked expenses	60.9	56.2	8.4%	63.1	-3.5%
(+) Extraordinary expenses with contract termination	-	-	-	48.4	-
Adjusted expenses	(343.3)	(283.8)	21.0%	(324.4)	5.8%

EBITDA

Recurring EBITDA totaled R\$1,820.2 million, up by 9.3%, in line with recurring revenues performance. Recurring EBITDA margin was 80.7%, 149 bps higher than last year's.

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
EBITDA	1,820.2	1,904.7	-4.4%	1,933.2	-5.8%
(+) Recovery of non-recurring expenses	-	-	-	(112.3)	-
(+) Reversal of non-recurring provisions	-	(239.0)	-	(16.0)	-
(+) Extraordinary and non-recurring expenses with contract termination	-	-	-	48.4	-
Recurring EBITDA	1,820.2	1,665.7	9.3%	1,853.3	-1.8%
<i>Recurring EBITDA margin</i>	<i>80.7%</i>	<i>79.2%</i>	<i>149 bps</i>	<i>80.9%</i>	<i>-22 bps</i>

Financial Result

The financial result for 3Q21 was positive by R\$20.5 million. Financial revenues reached R\$261.4 million, up by 277.9%, due to (i) higher interest rates, and (ii) the increase in the balance of financial investments. In turn, financial expenses amounted to R\$190.4 million, up by 164.4%, mainly explained by the Company's higher indebtedness after the issues of debentures in the amount of R\$3.0 billion in May/21.

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Financial result	20.5	(26.4)	-	132.1	-84.5%
Financial Income	261.4	69.2	277.9%	179.8	45.4%
Financial expenses	(190.4)	(72.0)	164.4%	(125.3)	52.0%
Net FX variations	(50.5)	(23.6)	114.1%	77.5	-

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.

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Net Financial Income	20.5	(26.4)	-	132.1	-84.5%
(+/-) Effects of the hedge on net financial income	69.8	25.8	170.0%	(110.9)	-
Adjusted net financial income (excluding the effects of the hedge)	90.3	(0.6)	-	21.2	326.3%
Income before income tax	1,569.7	1,547.1	1.5%	1,801.7	-12.9%
(+/-) Effects of the hedge on net financial income	69.8	25.8	170.0%	(110.9)	-
Income before tax and social contribution (excluding hedge effect)	1,639.4	1,572.9	4.2%	1,690.8	-3.0%
Income and social contribution taxes	(393.6)	(410.6)	-4.1%	(608.4)	-35.3%
(+/-) Effects of the hedge on income and social contribution taxes	(69.8)	(25.8)	170.0%	110.9	-
Adjusted income and social contribution taxes (excluding the effects of the hedge)	(463.4)	(436.4)	6.2%	(497.5)	-6.9%
Effective Rate on Income Before Adjusted Income Tax and Social Contribution (excluding hedging effects) – (B) / (A)	28.3%	27.7%	5.2 bps	29.4%	-11.6 bps

Income tax and social contribution

Income tax and social contribution totaled R\$393.6 million in 3Q21 and was impacted by the payment of interest on capital (IoC) in the amount of R\$268.5 million. Current tax totaled R\$247.1 million, R\$49.3 million of which will affect next quarter's cash flow. Deferred income tax and social contribution line was R\$146.5 million, with no cash impact, mainly consisting of temporary difference of tax amortizations of goodwill, in the amount of R\$119.6 million, and R\$26.8 million of tax credits constitution.

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\$1,176.1 million, an increase of 3.4%, reflecting the Company's positive operating performance across all business lines in the quarter.

Adjustments to net income

(In R\$ millions)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Net income (attributable to shareholders)	1,176.1	1,137.0	3.4%	1,193.3	-1.4%
(+) Non-recurring provisions	-	(239.0)	-	(16.0)	-
(+) Non-recurring recovery of expenses	-	-	-	(150.2)	-
(+) Tax impacts from non-recurring items	-	57.8	-	40.1	-
(+) Extraordinary expenses with contract termination	-	-	-	48.4	-
(+) Amortization of intangibles (Cetip combination)	115.5	119.6	-3.5%	115.5	-
(+) Provision for impairment	-	67.7	-	-	-
Recurring net income	1,291.6	1,143.2	13.0%	1,231.0	4.9%
(+) Deferred Tax (goodwill from Cetip combination)	119.6	119.6	-	119.6	-
Recurring net income adjusted by goodwill tax benefit	1,411.2	1,262.8	11.8%	1,350.7	4.5%

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\$1,291.6 million in the quarter, an increase of 13.0%. Additionally, if adjusted for the tax benefit resulting from amortization of goodwill related to the combination with Cetip, net income would have totaled R\$1,411.2 million.

MAIN ITEMS OF THE CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2021

Assets, Liabilities and Shareholders' Equity Accounts

The Company ended the quarter with total assets of R\$54.8 billion, up by 18.3% from December 2020. Cash and cash equivalents (current and non-current) totaled R\$26.9 billion. The cash position includes (i) R\$268.5 million in interest on capital, (ii) R\$913.3 million in dividends, both paid in October 2021, and (iii) R\$600 million which were used in Dimensa's capital increase on October 1st.

As for liabilities, B3's gross indebtedness in the end of 3Q21 was R\$14 billion (78% long term and 22% short term), corresponding to 1.9x the recurring EBITDA for the previous 12 months. Indebtedness includes the Sustainability-Linked Bond (SLB) issued in September, in the amount of USD700 million. It must be mentioned that, for this bond, B3 adopted the cash flow hedge accounting method, in which the bond is the hedging instrument, and the highly probable future revenues in dollars (mainly related to listed derivative contracts of FX Rate and Interest Rates in USD) are the hedged items. Thus, the effects of changes in exchange rates on this debt are recorded in Shareholders' Equity and will be recognized in the income statement to the extent that revenues are realized.

Shareholders' equity in the end of September 2021 was R\$22.6 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 INFORMATION

CAPEX

In the quarter, CAPEX totaled R\$90.7 million, mainly for technological upgrades in all segments of B3, new product developments, and our headquarters retrofit project (engineering, furniture, and technology).

Distributions to shareholders

On September 23rd, 2021, the Board of Directors approved the distribution of IoC for 3Q21, in the amount of R\$268.5 million, and the distribution dividends for 2Q21 in the amount of R\$913.3 million, paid on October 7th. As per securities regulations, in 3Q21 B3 did not execute share repurchases, considering there were ongoing M&A negotiations.

SUSTAINABILITY

The following were our highlights for 3Q21 regarding B3's sustainability strategy:

- B3 was the first exchange in the world to issue a Sustainability-linked Bond (SLB) in the amount of USD700 million, thus becoming financially committed to meeting sustainability goals.
- Since the launch of the platform for registration of Decarbonization Credits (CBIOS), in April 2020, more than 41.7 million CBIOS were registered, supporting the movement towards a lower-carbon economy.
- The Corporate Sustainability Index (ISE B3) reporting process had the participation of 73 eligible companies, up by 62% against the previous year. The objective of ISE, whose methodology was revised in 2021, is to be a benchmark for the quotations of assets of the most recognized companies for their commitment to sustainability.
- In 2021, we held more than 10 volunteering activities with participation of 981 employees. These activities included donation campaigns, workshops, mentoring and simulation of interviews with young people from partnering NGOs, blood donation, delivery of blankets on the streets, and others.

CONSOLIDATED INCOME STATEMENT

(In R\$ thousands)	3Q21	3Q20	3Q21/3Q20 (%)	2Q21	3Q21/2Q21 (%)
Total revenue	2,513,222	2,535,465	-0.9%	2,675,753	-6.1%
Listed	1,751,542	1,682,442	4.1%	1,807,529	-3.1%
Cash equities and equities instruments	1,165,635	1,120,468	4.0%	1,214,660	-4.0%
Trading and post-Trading	1,025,903	985,812	4.1%	1,064,400	-3.6%
Depository	36,623	42,114	-13.0%	37,941	-3.5%
Securities lending	57,789	50,443	14.6%	69,249	-16.5%
Listing and services for issuers	45,320	42,099	7.7%	43,070	5.2%
Interest Rates BRL, FX and commodities	585,907	561,974	4.3%	592,869	-1.2%
Trading and Post-Trading	585,907	561,974	4.3%	592,869	-1.2%
OTC	292,436	262,857	11.3%	280,598	4.2%
Fixed Income	178,813	159,492	12.1%	165,386	8.1%
Derivatives	68,575	62,078	10.5%	71,181	-3.7%
Other	45,048	41,287	9.1%	44,031	2.3%
Infrastructure for financing	123,599	111,564	10.8%	116,753	5.9%
Technology, data and services	345,352	290,467	18.9%	342,458	0.8%
Technology and access	219,654	190,142	15.5%	213,560	2.9%
Data and analytics	73,989	61,037	21.2%	68,854	7.5%
Bank	23,112	13,229	74.7%	20,392	13.3%
Other	28,597	26,059	9.7%	39,652	-27.9%
Reversal of provisions and recovery of expenses	293	188,135	-99.8%	128,415	-99.8%
Revenue deductions	(258,519)	(246,682)	4.8%	(258,059)	0.2%
PIS and Cofins	(216,394)	(206,373)	4.9%	(217,465)	-0.5%
Service tax	(42,125)	(40,309)	4.5%	(40,594)	3.8%
Net revenues	2,254,703	2,288,783	-1.5%	2,417,694	-6.7%
Expenses	(706,772)	(648,458)	9.0%	(749,285)	-5.7%
Personnel	(238,660)	(215,214)	10.9%	(274,929)	-13.2%
Data processing	(91,669)	(63,318)	44.8%	(90,490)	1.3%
Depreciation and amortization	(272,257)	(264,348)	3.0%	(264,750)	2.8%
Revenue-linked expenses	(60,897)	(56,167)	8.4%	(63,085)	-3.5%
Third-party services	(19,752)	(16,623)	18.8%	(13,187)	49.8%
Maintenance	(5,749)	(4,696)	22.4%	(5,681)	1.2%
Marketing	(5,224)	(4,571)	14.3%	(3,682)	41.9%
Taxes	(2,565)	(2,909)	-11.8%	(3,682)	-16.9%
Board and committee members' compensation	(3,250)	(3,215)	1.1%	(3,720)	-12.6%
Others	(6,749)	(17,397)	-61.2%	(26,673)	-74.7%
Operating income	1,547,931	1,640,325	-5.6%	1,668,409	-7.2%
<i>Operating margin</i>	68.7%	71.7%	-301 bps	69.0%	-35 bps
Impairment	-	(67,723)	-	-	-
Equity in income of investees	1,234	914	35.0%	1,227	0.6%
Financial result	20,524	(26,425)	-	132,086	-84.5%
Financial income	261,386	69,171	277.9%	179,824	45.4%
Financial expenses	(190,368)	(72,012)	164.4%	(125,268)	52.0%
Net FX variation	(50,494)	(23,584)	114.1%	77,530	-
Income before taxes	1,569,689	1,547,091	1.5%	1,801,722	-12.9%
Income tax and social contribution	(393,592)	(410,595)	-4.1%	(608,411)	-35.3%
Current	(247,132)	(136,145)	81.5%	(285,289)	-13.4%
Deferred	(146,460)	(274,450)	-46.6%	(323,122)	-54.7%
Net income	1,176,097	1,136,496	3.5%	1,193,311	-1.4%
<i>Net margin</i>	52.2%	49.7%	251 bps	49.4%	280 bps
Attributable to:					
B3's shareholders	1,176,129	1,136,984	3.4%	1,193,336	-1.4%
<i>Net margin</i>	52.2%	49.7%	249 bps	49.4%	280 bps
Minority interest	(32)	(488)	-93.4%	(25)	28.0%

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS	09/30/2021	12/31/2020	LIABILITIES AND EQUITY	09/30/2021	12/31/2020
Current assets	25,585,963	17,086,412	Current liabilities	15,654,356	9,678,085
Cash and cash equivalent	3,777,045	1,438,420	Collateral for transactions	8,488,088	5,695,723
Financial investments	20,192,842	14,003,987	Financial instruments for hedge	55,066	9,298
Other	1,616,076	1,644,005	Loans and debentures	3,063,449	79,401
Long-term non-current assets	14,878	14,878	Other	4,047,753	3,893,663
Non-current assets	29,206,610	29,231,493	Non-current liabilities	16,561,392	12,133,274
Long-term receivables	3,233,676	2,690,449	Loans and debentures	10,887,752	6,980,365
Financial investments	2,953,376	2,408,519	Deferred income tax and social contribution	5,086,584	4,529,334
Other	280,300	281,930	Other	587,056	623,575
Investments	50,633	48,070	Equity	22,591,703	24,521,424
Property and equipment	834,221	808,894	Capital	12,548,655	12,548,655
Intangible assets	25,088,080	25,684,080	Capital reserve	8,327,143	9,097,646
Goodwill	22,408,527	22,408,526	Other	1,704,500	2,863,650
Software and projects	2,679,553	3,275,554	Non-controlling interests	11,405	11,473
Total assets	54,807,451	46,332,783	Total liabilities and equity	54,807,451	46,332,783