

Revenues up in the segments: BM&F +9.3%; Bovespa +12.2%; and Cetip Financing +11.5%
 Items related to the combination with Cetip in 4Q17 were: (i) non-recurring expenses of R\$43.6 million; (ii) amortization of intangible assets of R\$187.2 million
 4Q17 recurring net income¹ reached R\$635.8 million, while adjusted EBITDA² was R\$672.9 million

4Q17

MARKET CAPITALIZATION

R\$46.9 billion (Dec 30, 2017)

4Q17 SHARE COUNT

Weighted avrg: 2,038,830,891
 End of period: 2,048,729,398

STOCK PERFORMANCE

Quarter ending in Dec'17: -4.9%

CONFERENCE CALL (English)

Date: March 2, 2018
 Time: 1p.m. (BrT) / 11a.m. (NYT)
 Brazil: +55 (11) 3193-1001
 +55 (11) 2820-4001
 USA: +1 (866) 262-4553
 International: +1 (412) 317-6029
 Password: B3

Live webcast and presentation:

<http://choruscall.com.br/b3/4q17.htm>



New ticker: B3SA3

(as of Mar 26, 2018)

www.bmfbovespa.com.br/ir

São Paulo, Brazil, March 1, 2018 – B3 S.A. – Brasil, Bolsa, Balcão (“B3” or “Company”; ticker: BVMF3) reported today its fourth-quarter earnings for the period ending on December 31, 2017 (4Q17). Net revenues reached R\$1,033.6 million in 4Q17, an increase of 7.9% versus the same period of the previous year (4Q16), with higher revenues in all business segments.

Adjusted expenses² (OPEX), depreciation and amortization (D&A) and adjusted capital expenditures³ (CAPEX) in 2017 were in line with the previously announced budgets. Adjusted OPEX amounted to R\$1,067.5 million (budget of R\$1,050 million – R\$1,100 million), D&A expenses reached R\$742.1 million (budget of R\$710 million – R\$750 million), while adjusted CAPEX totaled R\$247.8 million (budget of R\$230 million – R\$250 million). Furthermore, the budgets for 2018 were announced in Dec'17: adjusted OPEX from R\$1,050 to R\$1,100 million, D&A expenses from R\$910 to R\$980 million and adjusted CAPEX from R\$220 to R\$250 million.

Highlights of 4Q17:

- In the BM&F segment, average daily volume (ADV) was 15.2% higher than in 4Q16, while average revenue per contract (RPC) decreased 3.2% year-over-year (yoy);
- In the Bovespa segment, average daily trading value (ADTV) grew 16.4% over 4Q16, while trading and post-trading margins decreased 2.1% yoy;
- In the Cetip Securities segment, fixed income instruments registration and maintenance (CSD and TR) volumes were up by 7.3% and 13.6%, respectively, mostly driven by time-deposits (CDBs) activity;
- In the Cetip Financing segment, the number of vehicles financed grew by 11.6%, reflecting growth in the number of vehicles sold and increased credit penetration in this market;
- Total debt at 2.1x LTM adjusted EBITDA;
- R\$923.0 million in interest on capital related to FY17, totaling 71.2% of the IFRS net income.

Chief Executive Officer of B3, Gilson Finkelsztain, said: “2017 possibly ranks among one of the most important years in the history of our Company and the Brazilian financial market infrastructure, with the completion of the business combination between BM&FBOVESPA and Cetip. In addition to the merger, with great focus and dedication from our teams and support from market participants and regulators, we concluded key projects at B3 such as the second phase of our new integrated clearinghouse that brought together the equities and the derivatives markets under the same IT infrastructure and risk system and the enhancement of Novo Mercado rules. As the new year begins I am pleased to report that we have moved forward as planned in the post-merger integration project. Our key objective is to create a new chapter for B3, that will preserve the legacy of operational and risk management excellence built over so many years, while at the same time bring B3 ever closer to our clients to foster the development of the Brazilian financial and capital markets. In terms of market activity, we witnessed significant activity in equities (both primary and secondary) as well as growth in all other business segments. It is our view that the expected economic recovery in Brazil and positive global market conditions, combined with a single-digit interest rate scenario and consequent diversification of investors’ portfolio, could create the conditions for the equity and debt markets to play a gradually more important role as sources of funding for corporates. B3’s team is committed to working with our clients and regulators to continuously evolve the infrastructure that supports the Brazilian market, to enhance its rules, and to expand the portfolio of products and services available.”

Chief Financial and Investor Relations Officer, Daniel Sonder, added: “In 2017, we saw growth in each one of our four main revenue segments for a combined 11.1% net revenue expansion. It shows B3’s ability to capture the improvements in the macroeconomic scenario and market activity. Our main priority for 2017 was the execution of the planned post-merger integration. The announced R\$100 million in expense synergies will be fully captured as of 2018, more than one year earlier than originally planned. As we move forward, we remain committed to expense discipline, even as we prepare ourselves to evaluate new projects, products and growth opportunities which will be aligned with our clients’ needs and strategies. Our cash generation continues to be strong and our balance sheet is robust. We are on track to reducing our financial leverage level to 1x total debt to adjusted EBITDA by the end of 2019, as planned, and we intend to reach this target while continuing to return cash to our shareholders, as was the case in 2017.”

Income statement summary (in R\$ millions)

	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
Net revenues	1,033.6	958.3	7.9%	1,060.8	-2.6%	4,006.2	3,606.9	11.1%
Expenses	(589.4)	(438.9)	34.3%	(593.4)	-0.7%	(2,609.1)	(1,720.0)	51.7%
Operating income	444.2	519.4	-14.5%	467.4	-5.0%	1,397.1	1,886.9	-26.0%
Operating margin	43.0%	54.2%	-1,123 bps	44.1%	-109 bps	34.9%	52.3%	-1,744 bps
Financial result	(25.2)	196.6	-112.8%	19.0	-232.9%	134.2	243.1	-44.8%
Adjusted expenses	313.2	305.1	2.7%	252.1	24.3%	1,067.4	1,024.3	4.2%
Adjusted EBITDA	672.9	599.7	12.2%	667.8	0.8%	2,658.1	2,410.5	10.3%
Adjusted EBITDA margin	66.6%	63.7%	285 bps	66.6%	-3bps	67.7%	67.1%	56 bps
Recurring net income	635.8	673.5	-5.6%	445.3	42.8%	2,084.0	2,383.2	-12.6%

¹ See reconciliation on page 4.

² See reconciliation on page 3.

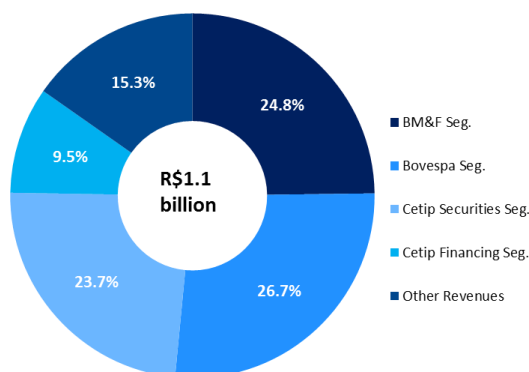
³ Does not include capex related to the business combination with Cetip.

ANALYSIS OF 4Q17 FINANCIAL RESULTS

REVENUES

Total revenues: reached R\$1,145.6 million in 4Q17, 8.0% higher than in 4Q16, reflecting growth in all segments, as detailed below.

4Q17 Revenues Breakdown (% of total revenues)



BM&F segment – trading, clearing and settlement: reached R\$284.1 million (24.8% of the total), 9.3% growth yoy, explained by the increase in ADV in the period (see performance by segment section).

It is worth noting that the Company constituted a cash flow hedge⁴, designating a foreign currency loan taken in Dec'16 to cover the effects of currency variations on part of the revenues denominated in USD for this segment (FX rates and Interest rates in USD contracts), as of Feb'17, therefore reducing the impact of exchange rate variations on revenues for this segment, and, at the same time, on the Company's financial revenues. Excluding the effect of this cash flow hedge, revenues for this segment would have increased 7.7% in relation to 4Q16.

Bovespa segment – trading, clearing and settlement: totaled R\$306.2 million (26.7% of the total), an increase of 12.2% over 4Q16. Trading and post-trading revenues amounted to R\$295.2 million, 10.3% higher than the same period of the previous year, reflecting the increase in ADTV (see performance by segment section). Other revenues from this segment increased to R\$11.0 million in 4Q17 (vs. R\$5.2 million in 4Q16), due to a growth in revenues from the settlement of public offerings.

Cetip Securities segment: amounted to R\$271.9 million in 4Q17 (23.7% of the total), flat (+0.3%) when compared to the same period of the previous year. The performance of this segment was impacted by a drop of 29.6% in the transactions-related revenue, mainly as a consequence of the resolution 4,527 of Central Bank, that led banks to replace the debentures of leasing companies for other bank funding instrument, mainly CDBs, which do not require registration of transactions below R\$5.0 thousand per client.

Cetip Financing segment: totaled R\$108.6 million in 4Q17 (9.5% of the total), 11.5% higher than in 4Q16, mainly due to the increase of 17.5% in SNG (liens) revenues, which reflects a combination of 11.6% growth in the number of financed vehicles and the annual price readjustment.

Other revenues: revenues not tied to volumes traded reached R\$174.9 million (15.3% of the total) in 4Q17, a 9.8% increase yoy. The highlights were:

- **Depository, custody and back office:** amounted to R\$61.6 million (5.4% of the total), 20.2% higher than 4Q16, due to: (i) a 25.7% increase in revenues from *Tesouro Direto*; (ii) inflationary readjustment to the prices of certain depository services in Jan'17; and (iii) a 9.1% increase in the average number of accounts at the equity CSD.
- **Trading access:** revenue from access fees paid by participants in the BM&F and Bovespa segments totaled R\$11.6 million (1.0% of the total), 37.3% higher than 4Q16 due to the implementation, in the second half of 2017, of a new commercial policy for services related to connections and trading screens offered to these clients.
- **Other:** reached R\$27.9 million (2.4% of the total). Of this amount, R\$22.6 million are related to reverse of provisions for contingent liabilities associated with the maintenance of the Company's healthcare plan⁵.

Net Revenues: increased 7.9% yoy, reaching R\$1,033.6 million in 4Q17.

EXPENSES

Expenses: reached R\$589.4 million in 4Q17, up by 34.3% when compared to the same period of the previous year. Excluding the intangible assets amortization of R\$187.2 million from the acquisition of Cetip, total expenses would have reached R\$402.2 million, down by 8.3% versus 4Q16.

Adjusted expenses: amounted R\$313.2 million, a 2.7% growth over 4Q16.

⁴ The average RPC for USD FX rates and interest rates contracts in 4Q16 considers the average PTAX closing rate at the end of the months of Sep'16, Oct'16 and Nov'16 (R\$3.27), while the average RPC for 4Q17 considers the average PTAX closing rate at the end of the months of Sep'17, Oct'17 and Nov'17 (R\$3.23). However, with the adoption of the cash flow hedge from Oct'17 to Dec'17, revenues were recognized using an exchange rate of R\$3.37 in 4Q17. The Company ceased to use hedging of USD revenues as of March 1, 2018.

⁵ According to Law nº 9,656/98, it is provided to the employee which contributes with any amount of money to the health plan of the Company, the right to maintain their status as beneficiary in the event of being fired or retired, as long as the employee assumes the entire cost of his plan. The provision set up in Dec'16 is related to the difference, over time, of the average cost between the healthcare plan negotiated by the Company and the estimated average cost that inactive beneficiaries would bear if they did not maintain the condition of beneficiaries. As of 2017, the Company began to adopt the contribution tables by age group model for its healthcare plan so that the amounts paid by former employees are now calculated according to the respective age group, thus eliminating the potential shortfall.

Reconciliation of adjusted expenses (in R\$ millions)

	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
Total expenses	589.4	438.9	34.3%	593.4	-0.7%	2,609.1	1,720.0	51.7%
Depreciation and amortization	234.6	52.5	346.4%	223.5	4.9%	742.1	204.0	263.7%
Long-term stock-based compensation	20.6	56.0	-63.2%	30.1	-31.4%	108.0	160.3	-32.6%
Related to the combination with Cetip	43.6	18.2	139.6%	34.7	25.5%	491.8	78.8	524.3%
Provisions (recurring and non-recurring)	(22.6)	7.1	-420.0%	53.0	-142.5%	199.7	252.6	-20.9%
Adjusted expenses	313.2	305.1	2.7%	252.1	24.3%	1,067.4	1,024.3	4.2%

Personnel: totaled R\$179.1 million in 4Q17, down by 19.0% yoy. This comparison was impacted by a non-recurring provision of R\$26.5 million recognized in 4Q16 in connection with a change in the accrual methodology applied to expenses related to the long-term stock-based compensation.

Adjusted personnel: excluding long-term stock-based compensation expenses, adjusted personnel expenses were down by 4.0% yoy. This decrease is explained by a reduction of expenses resulting from merger-related synergies that totally offset the impacts of annual salary readjustment of approximately 3.0%, applied to the Company's salary base as of Aug'17.

Reconciliation of adjusted personnel (in R\$ millions)

	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
Personnel expenses	179.1	221.2	-19.0%	168.5	6.3%	692.5	730.6	-5.2%
(-) Long-term stock-based compensation	20.6	56.0	-63.2%	30.1	-31.4%	108.0	160.3	-32.6%
Adjusted personnel expenses	158.5	165.2	-4.0%	138.4	14.5%	584.5	570.3	2.5%

Depreciation and amortization: reached R\$234.6 million in 4Q17, impacted by the amortization of intangible assets resulting from the acquisition of Cetip in the amount of R\$187.2 million.

Third-party services: reached R\$44.7 million in 4Q17, up by 88.9% versus 4Q16, mainly due to the increase in expenses directly linked to revenues, notably revenues from the Cetip Financing segment, which amounted to R\$22.1 million in 4Q17 (R\$11.0 million in 4Q16) and higher expenses with legal fees and consultants.

Related to the combination with Cetip: amounted to R\$43.6 million in 4Q17, of which R\$31.8 million is related to extraordinary expenses with personnel (severance, retentions and payroll charges).

Others: reached R\$10.6 million, impacted by the reversal of a legal provision of R\$26.8 million (positive)⁶.

ADJUSTED EBITDA

Adjusted EBITDA: amounted to R\$672.9 million, 12.2% higher than in 4Q16. Adjusted EBITDA margin was 66.6%, 285 bps higher in the yoy comparison, as detailed below.

Reconciliation of adjusted EBITDA (in R\$ millions)

	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
EBITDA	678.7	572.0	18.7%	690.9	-1.8%	2,139.2	2,090.9	2.3%
(+) Expenses related to the combination with Cetip	43.6	18.2	139.6%	34.7	25.5%	491.8	78.8	524.3%
(+) Changes on long term stock based compensation program/methodology	-	26.5	-	-	-	-	26.5	-
(+) Non-recurring provisions	(49.4)	(17.0)	190.9%	(57.8)	-14.4%	27.1	214.3	-87.4%
Adjusted EBITDA	672.9	599.7	12.2%	667.8	0.8%	2,658.1	2,410.5	10.3%
<i>Adjusted EBITDA margin</i>	<i>66.6%</i>	<i>63.7%</i>	<i>285 bps</i>	<i>66.6%</i>	<i>- 3 bps</i>	<i>67.7%</i>	<i>67.1%</i>	<i>56 bps</i>

OTHER FINANCIAL HIGHLIGHTS

Cash and cash equivalents: short- and long-term cash, cash equivalents and financial investments as of December 31, 2017 amounted to R\$7,835.2 million, composed mainly of: (i) B3's own cash, which totaled R\$4,764.8 million⁷ and includes between R\$2.5 billion-R\$3.0 billion that make up the Company's usual liquidity requirements to run the business, of which R\$1,132.5 million are restricted financial resources formally tied to the clearinghouses' safeguard structure; and (ii) R\$2,243.4 million in third party cash, consisting largely of cash collateral pledged to the Company's clearinghouses by clients.

Indebtedness: at the end of 4Q17, the Company had R\$5,640.5 million in gross debt outstanding, which is equivalent to 2.1x adjusted EBITDA in the last twelve months. The debt outstanding includes principal and accrued interest (71.2% non-current and 28.6% current), as well as the net exposure in derivative instruments. Key maturities include: (i) R\$1.5 billion in Dec'18, (ii) R\$1.5 billion in Dec'19 and (iii) R\$2.1 billion (USD612 million) in Jul'20.

⁶ This reversion of provision results from the conclusion of a legal dispute in which the arguments of the claimant did not prevailed. Although this dispute was concluded, the claimant can start a new claim against B3. In this case, the likelihood of loss and consequently the need to make any provision will be analysed considering the aspects of this new claim.

⁷ Does not include investments in Bolsa Mexicana de Valores, Bolsa de Comercio de Santiago, Bolsa de Valores de Colombia and Bolsa de Valores de Lima amounting R\$324.7 million at 4Q17, booked as financial investments.

Financial result: totaled a loss of R\$25.2 million in 4Q17. The comparison with 4Q16 was mainly impacted by a higher cash position during the same period of the last year, considering the proceeds from the sale of CME Group shares and the proceeds from the debenture issuance as well as the loan contracted.

Financial income: reached R\$106.7 million, a 71.4% drop versus 4Q16, mainly explained by the reduction in the average cash position during the period, considering the cash payment of R\$8.4 billion to the former shareholders of Cetip in Apr'17.

Financial expenses: amounted to R\$132.0 million, down by 25.1% versus 4Q16, mainly explained by a decrease in expenses related to the fair value hedge for the principal amount of the 2020 Notes (Swap)⁸.

Income tax and social contribution: amounted to R\$97.1 million (positive) in 4Q17. The current amount reached R\$4.1 million and includes R\$1.6 million in taxes paid by Cetip Info, with cash impact. Deferred income tax and social contribution reached R\$101.2 million (positive), without cash impact, mainly consisting of temporary differences on the tax amortization of goodwill⁹, which reached R\$252.7 million in 4Q17, and by the creation of a deferred tax asset of R\$353.9 (positive), mainly related to tax credits connected to the payment of interest on capital.

Net income (attributable to shareholders): reached R\$516.1 million, down by 52.1% versus 4Q16, mainly as a consequence of the reduction in the financial result due to the lower cash position and higher level of indebtedness.

Excluding non-recurring items (see table below), the recurring net income would have reached R\$635.8 million in 4Q17, 5.6% lower than in 4Q16, mainly impacted by a decrease in the Company's financial result. Additionally, if the net income were adjusted by the tax benefit of the Bovespa Holding's and Cetip's goodwill amortization, in a cash taxes approach, it would have totaled R\$888.5 million.

Reconciliation of net income (in R\$ millions)

	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
Net income (attributable to shareholders)	516.1	1,078.4	-52.1%	336.3	53.5%	1,224.7	2,018.9	-39.3%
(+) Expenses related to the combination with Cetip	28.8	12.0	139.6%	22.9	25.5%	325.4	52.0	525.8%
(+) Non-recurring provisions	(32.6)	(11.2)	190.9%	(38.1)	-14.4%	17.9	143.8	-87.6%
(+) Impairment	-	-	-	-	-	43.2	-	-
(+) Impact related to CME Group	-	(431.7)	-	-	-	-	116.8	-
(+) Amortization of intangibles from combination with Cetip	123.6	-	-	124.2	-0.5%	376.4	-	-
(+) Amortization of intangibles from combination with GRV	-	8.6	-	-	-	8.6	34.3	-75.0%
(+) Changes on long term stock based compensation program/methodology	-	17.5	-	-	-	-	17.5	-
(+) Taxes Refinancing (REFIS/PERT)	-	-	-	-	-	87.8	-	-
Recurring net income	635.8	673.5	-5.6%	445.3	42.8%	2,084.0	2,383.2	-12.6%
(-) Deferred tax (goodwill from Bovespa combination)	133.1	135.3	-1.7%	133.1	0.0%	532.2	541.2	-1.7%
(-) Deferred tax (goodwill from Cetip combination)	119.6	-	-	119.6	-	239.3	-	-
Recurring net income adjusted by goodwill tax benefit	888.5	808.8	9.8%	698.0	27.3%	2,855.5	2,924.3	-2.4%

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

CAPEX: capital expenditures totaled R\$45.3 million in 4Q17. Of this amount, R\$31.2 million were invested in projects for the BM&F and Bovespa segments, particularly in the technological update of the PUMA Trading System, and R\$11.7 million were invested in the Cetip Securities and Cetip Financing segments, in IT projects.

Distributions to shareholders: in Dec'17 the distribution of R\$533.0 million in interest on capital was approved (paid on Jan'18). In the FY17, distributions to shareholders totaled R\$923.0 million, which represent a payout ratio of 71.2%, considering the IFRS net income attributed to B3's shareholders.

⁸ In Mar'16, the Company entered into swap transactions to hedge the 2020 Notes principal amount in foreign currency, switching the exchange variation risk to a short position in local interest rates. In Sep'16, the Company entered into NDFs (non-deliverable forwards) to hedge certain 2020 Notes coupons from exchange rate variation. See Financial Statement Note 4.c - Fair value hedge and Cash flow hedge.

⁹ Includes the goodwills created in the mergers with Bovespa Holding and Cetip.

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

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

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

	2016	9M17	4Q17	2017	2018e	Total
Contractual commitments and other accounting impact	-	233.9	-1.4	232.5	-	232.5
Cetip's LT compensation and retention programs (cancellation of stock options and payroll taxes)	-	133.1	-	133.1	-	133.1
Impairment / write-offs / provision for contractual fines	-	100.8	-1.4	99.4	-	99.4
Retention / severance programs approved in the AGM of 04/28/17²	-	78.2	6.4	84.6	~25.0	100.0 - 110.0
Advisors, consultants, branding	70.3	87.9	1.5	89.3	~10.0	165.0 - 170.0
Total	70.3	400.0	6.5	406.5	~35.0	505.0 - 515.0

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

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

	2016	9M17	4Q17	2017	2018e	Total
Severance and services providers' expenses	8.5	113.8	37.1	150.9	~20.0	175.0 - 190.0
Capex (projects and integration)	-	4.6	3.7	8.3	~15.0	20.0 - 30.0

PERFORMANCE BY SEGMENT

BM&F segment: ADV for the derivatives market grew by 15.2% over 4Q16, reaching 3.2 million contracts in 4Q17. interest rate in BRL contracts represented 57.9% of total traded volume with 6.1% ADV increase yoy. Other highlights include stock indices and commodities contracts, that grew 74.4% and 31.7% in the period, respectively.

Average RPC was R\$1.446 down 3.2% yoy. This reduction reflects: (i) changes in the mix of contracts traded, with higher participation of stock indices contracts, given that these contracts have lower RPC than the segment's average; and (ii) increased participation of High Frequency Traders - HFTs and day trades, whose prices are lower than those of other investors and operations.

Bovespa segment: ADTV for equities reached R\$10.1 billion in 4Q17, 16.4% growth versus 4Q16. This performance reflects, mostly, a 23.1% yoy increase in average market capitalization, as turnover velocity declined (78.0% in 4Q17 versus 82.3% in 4Q16).

The trading and post-trading margins reached 4.957 bps in the quarter versus 5.063 bps in 4Q16, a 2.1% decrease explained by the higher participation of local institutional investors in the overall volume, since these investors are charged lower trading/post-trading rates than those paid by other investors.

Cetip Securities segment: the financial volume of fixed income instruments registered was up 7.3% yoy, driven mainly by a 34.2% increase in the volume of bank deposit certificates (CDBs) registered. This increase, in turn, propelled the average outstanding volume of fixed income securities on which maintenance (CSD / Trade Repository - TR) fees apply, which reached R\$4.3 trillion in 4Q17, an increase of 13.6% in comparison to 4Q16. On the other hand, in the case of OTC derivatives and structured notes, both the new volume registered and the outstanding volumes in the CSD / TR decreased by 16.8% and 3.4% yoy, respectively, mainly due to lower FX volatility.

The higher volume of fixed income instruments, which implies higher volume discounts on the registration fees, and the higher share of time-deposits in the average outstanding volumes, resulted in a yoy decrease of 9.7% and of 7.9% in the average registration and maintenance price of fixed income instruments, respectively. On the other hand, registration fees of OTC derivatives and structured notes grew 24.9% yoy.

Cetip Financing segment: the number of vehicles financed grew by 11.6% in comparison with the same period of the previous year. On the other hand, the Company's market share in the Contracts System service contracted to 65.2% in 4Q17 from 75.1% in 4Q16, which is explained by the fact that the Company did not offer the Contracts System service in the state of Minas Gerais during the quarter.

In the yoy comparison, the revenues for this segment were impacted by deferred revenues from previous years (SNG) and by the annual price readjustment by inflation (SNG and Contracts System).

UPDATE ON STRATEGIC INITIATIVES

Update of the merger integration Project: during 4Q17, B3 maintained its focus on the integration between BM&FBOVESPA and Cetip. Since the regulatory approval of the merger in late Mar'17 we had some important achievements such as: integration of the financial management system, conclusion of the legal merger of the two companies, integration of the teams, salary structures and benefits packages for employees. We also restructured the client relationship, product development and project management areas, aiming to be closer to clients and accelerating the development of product and projects.

DAP – Inflation Linked Futures: in Dec'17, the Inflation Linked Future Contracts (DAP) reached 481 thousand outstanding contracts, with ADV of 11.0 thousand contracts in 4Q17. Since the relaunching of the contract and the operation of two market makers, in May'16, approximately 2.4 million contracts have been traded.

Market Data: in line with our strategy of expanding the offering of market data service to our clients, we have launched two new services, the end-of-day (EOD) and reference data (UP2DATA), which contains closing price data, adjustment price, reference price, instruments registration, volatility surface, indices, among other data.

SUMMARY OF CONSOLIDATED BALANCE SHEET

ASSETS (In R\$ thousands)		Dec 31, 2017	Dec 31, 2016	LIABILITIES AND EQUITY (In R\$ thousands)	
				Dec 31, 2017	Dec 31, 2016
Current assets	6,506,030	11,612,517	Current liabilities	5,494,563	3,657,832
Cash and cash equivalents	711,140	319,124	Collateral for transactions	2,171,449	1,653,835
Financial investments	4,926,832	10,964,214	Financial instruments for hedge	21,345	405,971
Others	868,058	329,179	Loan	43,232	373,919
Noncurrent assets	31,073,849	19,543,358	Debentures	1,513,167	17,495
Long-term receivables	2,563,595	3,749,282	Others	1,745,370	1,206,612
Financial investments	2,197,268	3,564,243	Noncurrent liabilities	7,775,302	8,421,658
Others	366,327	185,039	Debt issued abroad	2,012,331	1,987,669
Investments	44,962	29,117	Loan	508,998	33,949
Property and equipment, net	573,669	462,753	Debenture	1,497,434	2,991,806
Intangible assets	27,891,623	15,302,206	Deferred inc. tax and social contrib.	3,081,088	2,976,125
Goodwill	22,338,876	14,401,628	Others	675,451	432,109
Software and projects	5,363,067	900,578	Equity	24,310,014	19,076,385
Others	189,680	-	Capital	3,198,655	2,540,239
			Capital reserve	18,399,366	14,327,523
			Others	2,701,673	2,198,708
			Non-controlling interests	10,320	9,915
Total Assets	37,579,879	31,155,875	Total liabilities and equity	37,579,879	31,155,875

COMBINED MANAGERIAL INCOME STATEMENT

<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>	4Q17	4Q16	4Q17/4Q16 (%)	3Q17	4Q17/3Q17 (%)	2017	2016	2017/2016 (%)
Total revenues	1,145,565	1,060,374	8.0%	1,170,837	-2.2%	4,439,101	4,005,118	10.8%
Trading/settlement - BM&F	284,064	259,853	9.3%	288,325	-1.5%	1,108,107	1,050,397	5.5%
Derivatives	279,353	254,984	9.6%	283,645	-1.5%	1,089,097	1,030,072	5.7%
Foreign exchange	4,711	4,869	-3.2%	4,680	0.7%	19,010	20,325	-6.5%
Trading/settlement - Bovespa	306,192	272,923	12.2%	286,933	6.7%	1,136,016	977,848	16.2%
Trading fees	47,444	43,537	9.0%	45,430	4.4%	180,071	156,613	15.0%
Clearing fees	247,746	224,209	10.5%	232,331	6.6%	924,220	802,558	15.2%
Others	11,002	5,177	112.5%	9,172	20.0%	31,725	18,677	69.9%
Cetip Securities segment	271,882	270,960	0.3%	276,782	-1.8%	1,101,370	1,061,704	3.7%
Registration fees	30,301	28,323	7.0%	29,596	2.4%	113,718	110,016	3.4%
Maintenance (CSD/TR)	124,126	122,531	1.3%	123,506	0.5%	497,000	486,612	2.1%
Monthly utilization	61,257	56,253	8.9%	60,958	0.5%	243,962	226,522	7.7%
Transaction fees	28,144	39,988	-29.6%	36,172	-22.2%	138,584	144,364	-4.0%
Other revenue from services	28,054	23,865	17.6%	26,550	5.7%	108,106	94,190	14.8%
Cetip Financing segment	108,556	97,372	11.5%	107,034	1.4%	423,636	366,777	15.5%
SNG	42,454	36,129	17.5%	39,885	6.4%	159,282	141,559	12.5%
Contracts Systems (Sircof)	47,577	45,829	3.8%	50,412	-5.6%	194,654	170,288	14.3%
Market data and development of solutions	18,169	14,965	21.4%	16,232	11.9%	68,098	52,663	29.3%
Other revenues	356	449	-20.7%	505	-29.5%	1,602	2,267	-29.3%
Other revenues	174,871	159,266	9.8%	211,763	-17.4%	669,972	548,392	22.2%
Securities lending	25,276	26,311	-3.9%	25,250	0.1%	100,405	103,975	-3.4%
Listing	14,666	13,336	10.0%	14,113	3.9%	57,247	52,935	8.1%
Depository, custody and back-office	61,586	51,240	20.2%	59,571	3.4%	227,228	177,675	27.9%
Trading access (Brokers)	11,552	8,415	37.3%	11,488	0.6%	40,105	36,186	10.8%
Vendors	25,397	25,444	-0.2%	29,801	-14.8%	108,255	101,563	6.6%
BM&FBOVESPA bank	8,466	11,041	-23.3%	8,800	-3.8%	37,256	39,861	-6.5%
Others	27,928	23,479	18.9%	62,740	-55.5%	99,476	36,197	174.8%
Revenue deductions	(111,969)	(102,094)	9.7%	(110,073)	1.7%	-432,931	-398,236	8.7%
PIS and Cofins	(93,932)	(85,537)	9.8%	(92,449)	1.6%	-363,438	-328,116	10.8%
Service tax	(18,037)	(16,557)	8.9%	(17,624)	2.3%	-69,493	-70,120	-0.9%
Net revenues	1,033,596	958,280	7.9%	1,060,764	-2.6%	4,006,170	3,606,882	11.1%
Expenses	(589,438)	(438,856)	34.3%	(593,411)	-0.7%	-2,609,112	-1,720,032	51.7%
Personnel	(179,142)	(221,168)	-19.0%	(168,454)	6.3%	-692,507	-730,604	-5.2%
Data processing	(53,949)	(55,056)	-2.0%	(48,073)	12.2%	-188,988	-183,628	2.9%
Deprec. and amortization	(234,582)	(52,546)	346.4%	(223,547)	4.9%	-742,137	-204,048	263.7%
Third-party services	(44,709)	(23,663)	88.9%	(30,630)	46.0%	-130,232	-101,105	28.8%
Maintenance	(5,750)	(5,739)	0.2%	(5,190)	10.8%	-22,085	-20,977	5.3%
Communication	(1,110)	(2,545)	-56.4%	(1,519)	-26.9%	-7,629	-10,176	-25.0%
Marketing	(9,051)	(9,379)	-3.5%	(8,804)	2.8%	-27,990	-22,984	21.8%
Taxes	(3,286)	(2,673)	22.9%	(1,850)	77.6%	-10,113	-8,588	17.8%
Board/comittees compensation	(3,638)	(4,448)	-18.2%	(3,510)	3.6%	-15,511	-15,895	-2.4%
Related to the combination with Cetip	(43,575)	(18,186)	139.6%	(34,713)	25.5%	-491,832	-78,783	524.3%
Others	(10,646)	(43,453)	-75.5%	(67,121)	-84.1%	-280,087	-343,244	-18.4%
Operating income	444,158	519,424	-14.5%	467,353	-5.0%	1,397,058	1,886,850	-26.0%
<i>Operating margin</i>	<i>43.0%</i>	<i>54.2%</i>	<i>-1,123 bps</i>	<i>44.1%</i>	<i>-109 bps</i>	<i>0</i>	<i>1</i>	<i>-1,744 bps</i>
Impairment	-	-	-	-	-	-65,508	0	-
Equity in income of investees	155	355	-56.3%	517	-70.0%	1,330	1,082	22.9%
Financial result	(25,244)	196,551	-112.8%	18,994	-232.9%	134,203	243,127	-44.8%
Financial income	106,745	372,715	-71.4%	154,243	-30.8%	918,705	1,472,590	-37.6%
Financial expenses	(131,989)	(176,164)	-25.1%	(135,249)	-2.4%	-784,502	-656,663	19.5%
Divestment from CME Group shares	-	-	0.0%	-	0.0%	0	-572,800	-100.0%
Income before taxes	419,069	716,330	-41.5%	486,864	-13.9%	1,467,083	2,131,059	-31.2%
Income tax and social contribution	97,078	362,267	-73.2%	(150,517)	-164.5%	-241,964	-112,367	115.3%
Current	(4,131)	725,743	-100.6%	(6,240)	-33.8%	-137,049	-309,129	-55.7%
Deferred	101,209	(363,476)	-127.8%	(144,277)	-170.1%	-104,915	196,762	-153.3%
Net income	516,147	1,078,597	-52.1%	336,347	53.5%	1,225,119	2,018,692	-39.3%
<i>Net margin</i>	<i>49.9%</i>	<i>112.6%</i>	<i>-6,262 bps</i>	<i>31.7%</i>	<i>1,823 bps</i>	<i>0</i>	<i>1</i>	<i>-2,539 bps</i>
Attributable to:								
BM&FBOVESPA's shareholders	516,110	1,078,399	-52.1%	336,263	53.5%	1,224,714	2,018,891	-39.3%
<i>Net margin</i>	<i>49.9%</i>	<i>112.5%</i>	<i>-6,260 bps</i>	<i>31.7%</i>	<i>1,823 bps</i>	<i>0</i>	<i>1</i>	<i>-2,540 bps</i>
Minority interest	37	198	-81.3%	84	-56.0%	405	-199	-303.5%

COMBINED IFRS ACCOUNTING AND MANAGERIAL INCOME STATEMENT

	4Q17		4Q16		4Q17/4Q16 (%)	
	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting	IFRS Accounting	Managerial Accounting
	<i>(In thousand of Brazilian Reals, unless otherwise indicated)</i>					
Total revenues	1,145,565	1,145,565	691,907	1,060,374	65.6%	8.0%
Trading/settlement - BM&F	284,064	284,064	259,853	259,853	9.3%	9.3%
Derivatives	279,353	279,353	254,984	254,984	9.6%	9.6%
Foreign exchange	4,711	4,711	4,869	4,869	-3.2%	-3.2%
Trading/settlement - Bovespa	306,192	306,192	272,923	272,923	12.2%	12.2%
Trading fees	47,444	47,444	43,537	43,537	9.0%	9.0%
Clearing fees	247,746	247,746	224,209	224,209	10.5%	10.5%
Others	11,002	11,002	5,177	5,177	112.5%	112.5%
Cetip Securities segment	271,882	271,882	-	270,960	-	0.3%
Registration fees	30,301	30,301	-	28,323	-	7.0%
Maintenance (CSD/TR)	124,126	124,126	-	122,531	-	1.3%
Monthly utilization	61,257	61,257	-	56,253	-	8.9%
Transaction fees	28,144	28,144	-	39,988	-	-29.6%
Other revenue from services	28,054	28,054	-	23,865	-	17.6%
Cetip Financing segment	108,556	108,556	-	97,372	-	11.5%
SNG	42,454	42,454	-	36,129	-	17.5%
Contracts Systems (Sircof)	47,577	47,577	-	45,829	-	3.8%
Market data and Development of solutions	18,169	18,169	-	14,965	-	21.4%
Other Revenues	356	356	-	449	-	-20.7%
Other revenues	174,871	174,871	159,131	159,266	9.9%	9.8%
Securities lending	25,276	25,276	26,311	26,311	-3.9%	-3.9%
Listing	14,666	14,666	13,336	13,336	10.0%	10.0%
Depository, custody and back-office	61,586	61,586	51,240	51,240	20.2%	20.2%
Trading access (Brokers)	11,552	11,552	8,415	8,415	37.3%	37.3%
Vendors	25,397	25,397	25,444	25,444	-0.2%	-0.2%
BM&FBOVESPA bank	8,466	8,466	11,024	11,041	-23.2%	-23.3%
Others	27,928	27,928	23,361	23,479	19.5%	18.9%
Revenue deductions	(111,969)	(111,969)	(68,254)	(102,094)	64.0%	9.7%
PIS and Cofins	(93,932)	(93,932)	(58,444)	(85,537)	60.7%	9.8%
Service tax	(18,037)	(18,037)	(9,810)	(16,557)	83.9%	8.9%
Net revenues	1,033,596	1,033,596	623,653	958,280	65.7%	7.9%
Expenses	(589,438)	(589,438)	(309,229)	(438,856)	90.6%	34.3%
Personnel	(179,142)	(179,142)	(167,671)	(221,168)	6.8%	-19.0%
Data processing	(53,949)	(53,949)	(37,581)	(55,056)	43.6%	-2.0%
Deprec. and amortization	(234,582)	(234,582)	(25,604)	(52,546)	816.2%	346.4%
Third-party services	(44,709)	(44,709)	(14,935)	(23,663)	199.4%	88.9%
Maintenance	(5,750)	(5,750)	(4,634)	(5,739)	24.1%	0.2%
Communication	(1,110)	(1,110)	(1,187)	(2,545)	-6.5%	-56.4%
Marketing	(9,051)	(9,051)	(6,508)	(9,379)	39.1%	-3.5%
Taxes	(3,286)	(3,286)	(2,516)	(2,673)	30.6%	22.9%
Board/committees compensation	(3,638)	(3,638)	(2,508)	(4,448)	45.1%	-18.2%
Related to the combination with Cetip	(43,575)	(40,705)	(9,674)	(18,186)	350.4%	123.8%
Others	(10,646)	(13,516)	(36,411)	(43,453)	-70.8%	-68.9%
Operating income	444,158	444,158	314,424	519,424	41.3%	-14.5%
<i>Operating margin</i>	<i>43.0%</i>	<i>43.0%</i>	<i>50.4%</i>	<i>54.2%</i>	<i>-744 bps</i>	<i>-1,123 bps</i>
Impairment	-	-	-	-	-	-
Equity in income of investees	155	155	-	355	-	-56.3%
Financial result	(25,244)	(25,244)	188,206	196,551	-113.4%	-112.8%
Financial income	106,745	106,745	328,433	372,715	-67.5%	-71.4%
Financial expenses	(131,989)	(131,989)	(140,227)	(176,164)	-5.9%	-25.1%
Divestment from CME Group shares	-	-	-	-	-	-
Income before taxes	419,069	419,069	502,630	716,330	-16.6%	-41.5%
Income tax and social contribution	97,078	97,078	425,439	362,267	-77.2%	-73.2%
Current	(4,131)	(4,131)	782,618	725,743	-100.5%	-100.6%
Deferred	101,209	101,209	(357,179)	(363,476)	-128.3%	-127.8%
Net income	516,147	516,147	928,069	1,078,597	-44.4%	-52.1%
<i>Net margin</i>	<i>49.9%</i>	<i>49.9%</i>	<i>148.8%</i>	<i>112.6%</i>	<i>-9,887 bps</i>	<i>-6,262 bps</i>
Attributable to:						
BM&FBOVESPA's shareholders	516,110	516,110	927,871	1,078,399	-44.4%	-52.1%
<i>Net margin</i>	<i>49.9%</i>	<i>49.9%</i>	<i>148.8%</i>	<i>112.5%</i>	<i>-9,885 bps</i>	<i>-6,260 bps</i>
Minority interest	37	37	198	198	-81.3%	-81.3%