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EDITED TRANSCRIPT

B3SA3.SA - B3 SA Brasil Bolsa Balcao - Investor Days 2020

EVENT DATE/TIME: DECEMBER 16, 2020 / 11:30AM GMT

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PRESENTATION

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[Interpreted]

Good morning, everybody. Welcome to B3 Day, this time, a little bit different in a different format. We are doing it remotely. I must admit that 2020 is such a different year. That I even missed the Brazilian shareholders, we had very few meetings this year. But anyway, we will see each other, see the perspectives, the outlook for 2021 and open for a Q&A session.

You have the option to see the conference in English, you have to follow the instructions on how to download the document, and select to listen to the presentation in English. Well, as I said, we will have session of about 1.5 hour, an 1.15, an 1.20 hour, with an overview of the year, the B3 strategy, culture, the guidances we published for 2021. Then we will go on with a panel about individuals with Felipe Paiva and Tarcísio Morelli and then have more hour about ESG with Fabio Zenaro, Gleice Donini and then tomorrow about products and regulatory actions in the stock market.

So speaking a little bit about the strategy of B3. We've been talking a lot, aligning inside and outside the company, that the company wants to be the market infrastructure of choice of our customers. We want to deliver value to all stakeholders in the chain. And the strategy of the company is to strengthen the current business, which is a very good business with high potential to grow.

We understand the focus should be on capital markets in Brazil. And if we can expand our operation using the capillarity of where we operate in the capital market ecosystem. We should not wait -- we should not expect any great acquisition or deviation of routes in the company's strategy. We have 2 great pillars, part of our values. We are going to listen to that a lot throughout the company. They are the pillars that defined, let's put it this way, our values in this period of combining the best of all the companies that form B3. The values that they have always operated with, operational excellence to have all the reliability and operational excellence metrics, a safe infrastructure able to support the business growth and great proximity with our customers, focusing on them with the goal to deliver products and services that meet their demands and with charging strategy to have operational gains with the customers, enabling the growth of their businesses as well.

And I think the collaboration culture and opening culture is the way we work with that in the company, of course, along with all the added values that shape B3 values. Today, we are going to talk about 5 great topics, the macroeconomic context. I would tell you how challenging it was to have operational excellence. We had product -- we had products and customers. This year, we are going to talk about culture and the projections for 2021.

Of course, starting with the challenges. In 2020, we saw a very high volatility from March on, as you can see in the graphic. The market was not expecting the crisis, VIX was around the minimums of the past years in January, and then the first cases of the pandemic in Europe, and in March, I don't need to describe it. Everybody experienced it, each one in their own companies. So our VIX was about 15%, and it reached almost 90% by the end of the month.

So maybe the markets were blind or they were unable to understand what the crisis was in the health system, a crisis in credit or financial crisis, and they didn't have this clear understanding of who were the winners and losers and the consequences for growth of our market.

So in March, it was the most challenging month in history, the history of the company. As Cícero likes to say, we have the circuit breaker 17x, and between and April, we had 6 circuit breakers and 4 in the same day. So it was written for history to trigger, the markets had a variation of 20% in the same day. We had to make interventions in other mechanisms, let's put it this way, going through mechanism in the market. The highlight to derivative market that had oscillations in futures. We had to work a lot together with the Central Bank, the treasury to make things effective and keep markets working, operating and forming prices there was a lot of emotion. Of course, as in a crisis, there are mismatches of information, spares, people calling from assets, banks suggesting to close the stock market for a week. It may seem a joke now, but we got many calls similar to that. And we were serious enough to keep working in our role within structures. I'll show you the numbers later. It was a great challenge in the operational side.

But we kept working effectively, amidst this transition of physical to remote work, and I will talk about that in the presentation later. This is a little bit of the volatility. We started the year with Ibovespa around 115,000. We reached 67,000 in around March 20. We had the recovery along the month of March, a very fast recovery along the second quarter, especially. And now at the end of the year, again, the markets are starting to get to the levels they were at the beginning of the year in many sectors that I have highlighted, and of course, some services are suffering a lot.

Another way to show how volatile the market was. The exchange rate was maybe the variable that took longer after the devaluation rate. For dollar the exchange rates, it seems very distant from now. It reached almost 6. And of course, as a consequence of the drop of the interest rate, but it was also a surprise somehow that was positive in the amount of agreements, we negotiated in exchange rates because we had an expectation in the beginning of the year that it was -- it would be very positive for equities with a trend of interest rate remaining at the level of 5%, 6% and that we would have less volatility in exchange rates. But anyway, the bottom was 2%, much less than we expected for exchange rates. There was much more volatility than expected. And now by the end of the year, the exchange rate is coming back to about 5%, 10%.

The markets that were more affect -- most affected, for sure, were the ones that are closer to retail. Financing -- vehicle financing market suffered the drop a lot, along the second quarter. The average of vehicles financed per month, we had about 500,000, about 6 million (inaudible) approximately, and we had a drop after March 15. And then in August, September, we had a recovery. However, I don't know how much you know about it, but a little bit scarcity of vehicles, a strategy of car rentals and car manufacturers, they lack old cars, they lack new cars, but we are recovering to the expected levels of normality of the economic activity.

So I guess in summary, we had a very severe impact in all markets, we operated with no exception, and I guess, I mentioned it already.

Some very new things. We would never expected to see in our career. We lived enough -- long enough to see interest rates at 2% in Brazil, but we got to this historical level for those who have been working, like me. Since the beginning of the 1990s, we had around 80, 60, and it shows a great maturity for homework as a country it took a long time, but we finally got to a level of interest rates that had never been expected before, real interest rates, closer to the interest rates of the developing world. This was nice. It has positive consequences in our markets. Some things we can see here, stock of non-depository individual investors. They had -- they played a great role this year. It's over BRL 80 billion in stocks, along with the raising of stock markets that was very strong in the beginning of the year, market funds. There was a lot of raising and the performance of the

stock market that this month with the IPOs got to BRL 112 billion, much more than 2019. With 27 IPOs, if I'm not mistaken, 23 follow-ons. Overall, a number that's much higher than all the figures we had in the past 10 years.

If we consider what Petrobras did in 2010, this was first sure, a very impressive year in variable income -- very impressive year. So we are going to the operational data. I think sometimes we go straight on the operational challenge and how much this can impact our company and creating a company for infrastructure and services related to technology.

So here, we show the average of the number of business on the segment of stocks and derivatives. So here, we have a growth trend that has been happening ever since 2017 when the numbers were around BRL 2.5 million, BRL 3 million. And average loss here was already indicating that we could maybe grow to 20%, 25% this year, given that the end of the year. So the second semester was already really strong, which indicated a few hits over 4 million in business in several days.

However, we never could have anticipated that we were going to reach in March 12 million business, 12 million businesses. And to the right, we can see the number of messages, millions of messages per day, and we've reached almost 300 million messages per day, now close the end of the year. And this is something that is very challenging from the operational point of view. Because these systems need to be prepared to take, right, not only this business average, but a volume which is not linear throughout the day.

So markets are not sending or are not doing these businesses in diluted way throughout the day. So we do have a lot of concentration in days that have high volatility or the systems were actually put to the test. And we ended up having a historical year in terms of the challenges that we faced. To be able to really leave our systems working and leave the markets working without any other type of problems.

So we definitely had a very close action to be able to monitor the indicators to prioritize operational improvements, to make sure we're going to have the continuity of business and managing these businesses. Throughout the year. We always -- we also had a several number of improvements to increase the amount of negotiation, clearing and depository. And the were, dimensioned, and they really took this increase, but we didn't imagine that this peak was going to be reached this year.

So we had tackled very quickly, and we still are to raise our operational capabilities so that we have a great margin of growth. That's how we've always worked. And obviously, all of this together was put as a priority this year. We also highlight that we had to act very close to regulators because whenever we have a crisis of this severity, we act very closely for CVM and Central Bank of Brazil. So I think that this year was one of the great highlights that we've had.

Our relationship per se and transparency and how open we work with CVM and the Central Bank, recognized by them and also us as amazing the way we were able to interact with our regulators and how markets reacted really well.

So of course, we had great challenges on the point of view of closing days and a lot of different people working from home and all that. But we definitely were able to maintain the systems working, customers, they were able to liquidate their operations without having any great issues like I said previously because of either participants or something that could generate a big crisis.

So here, have a little bit of availability. So we were able to maintain availability on our platforms for trading or post trading. This is an indicator that we have with our regulators as well. It's a way that we used to monitor these indexes. And also related to the risk management point of view, we had a great increase in the amount of deposited warranties. So we had a historical number that we had around BRL 300 billion. And now we are reaching over BRL 400 billion, which are deposited in insurances and warranties. So I think everyone knows, ever since we had a new platform for post-trading that was launched back in 2017, we've been having -- or we're very proud to say that we have maybe one of the best risk management tools in the world with a calculation of all cards every 15 minutes and a safeguard structure that can take historical non-payables and severity of 40 years with a break of compensation and stability of 25 years of non-payables for 2 of the biggest compensation members.

So I think it's important to highlight that today, we didn't have non-payables from either members or brokers. Obviously, there was a motion. So of course, we had a motion because we had that specifically because we had positions of customer funds and the broker is actually the first layer when we're trying to honor the customer positions, but to safeguard structure. After we had these margins was not used, so we didn't need to use

it. And in a few moments, we had to increase our margin for some risk factors. And this is part of our management and our discipline as well, risk discipline, which is facing a crisis of this severity. So I think that, this is something that is always very interesting to look at. So on my mind, I can re-watch movies of the discussions that we've had in March, April and closing the days releasing increasing limits, and what would be of the future and et cetera.

So I believe that we ended up really well and it's always very rewarding at the end of the crisis to see. We reached this level of maturity with this discipline as well. So I think we also stressed the cybersecurity initiatives this year. It was a year that we had a lot of highlight given in the media, all over the world related to cybersecurity.

So we did reinforce this operation on our environments. We invested in better protection mechanism against DDoS attacks, ransom assets as well that would be the highest risk for ransomware. Usually, they have a hijacking of databases nowadays. So that is our biggest concern. And we also worked a lot with engagement, internal communication, contingency plans. So I think here, on this sector. We had a lot of lessons learned. And for sure, that was great use, and it was used for us to improve the company this year, other than what we already had in our radar as a goal to support LGPD.

Here, we can see a little bit about us not actually being a highlight. This year, I think that was something that is very important to us because we had a lot of technological glitches in the stock exchanges all over the world. Australia, Japan, actually, Japan was out for one entire day, Australian Stock Exchange had to close early. New Zealand Stock Exchange had a cyberattack. So I think that not being in the media can be very positive in this case, and we didn't need to, and we didn't have this type of issue.

Well, we've continued to reinvent our process of project development, we did not stop. We didn't stop any projects that we had in our company. We had already implemented the agile methodology through smaller deliveries. So that is still a great challenge for us to do that, and delivering value for our customers in smaller projects, identifying problems in a quicker way, anticipating backlog solutions. But I'm not going to read them all. But I think that we were able to follow the spirit of developing projects and products, we understand that -- and we always mention this, we understand that the capital market goes through -- well, it's at the very beginning of a cycle, and it's at the beginning of a growth cycle in which we have a lot to capture through growth and launching products.

Currently, we already have over 60 squads in the company. We have 15 value chains, which is how we call them, 750 people already involved in our flows in our agile flows and product development.

Here, we have a little bit of our main deliveries, products and functionalities that we delivered throughout 2020. They are divided in the separate flows that we follow. So we have in listings. We have adjacent businesses, which we're investing on, IT controlled companies that we have, data projects and financing.

So I think it's hard for me to highlight. But here, we can see that the amount of things that the company is doing, the amount of projects that the amount is involved in. And how important it is for us to have this discipline of being able to manage these things for our product launches. So we have everything here. We have new products. We have improvements. We have risk management. We have -- anyway, we have a little bit of everything.

So for 2021, we're going to maintain our focus in delivering -- focus in having things that have a lot of demand and prioritization in the market. So we have a challenge of implementing a final tariff model for stock. So we had to reduce this delivery because it was a little bit hard to assimilate because of some participants and a few internal challenges as well. We have dollar, which should be -- it's a product that is going to be launched. So we had to not deliver it right now. So it's to 2021. We have negotiation strategies.

So negotiation and strategies, which are combined orders, this is a product that we're hoping to work with throughout 2021 in the automatic exercise of options that were already going on the second trimester, options that are already being negotiated. We also have a lot of solutions for close negotiation of fixed income. So that's where we try to have the most value here, receivable platforms, so duplicate cards, flexible options, and we also have the novelty that we're bringing also expired assets, which was a demand of the market before they had been deleted. And now they are maintained on the depository because we have a lot of negotiation.

In terms of data, we also have a lot of initiatives as well, in terms of analytics, asset score. We have a big project, which is the new investor project, which is Investor B3, and it's already being coordinated internally with our beta test. So it's great, and it's going to really reach physical people who have products and also related to everything that is receivable for properties and automobiles.

Let's go back a little bit because I think this is something that everyone wants to hear about. I think we're also paying attention to the regulatory changes and competition in our markets, especially when we're talking about the stock market. So the way that we see competition is in 3 big fronts, local competition, offshore competition and regulatory discussions. Local competition, we -- it's always a possibility of having a launch in Brazil of new platforms. So new players in this area, whether if it's in state markets or other markets as well. But we're always asked about the potential entry of international exchanges and/or new players in terms of stocks in the future. And we do look at this, we have this view that we have the total capability of competing. And we won't have any gaps related to what a new competitor could offer whether if we're talking about structure, if we're talking about latency, technological capability, we're talking about the capability of developing products, tariffs. So we do look at this view of a new potential, which obviously is going to be -- when it happens, there will also be B3 customers. So we do need to help someone who's coming into the market.

We also look at offshore composition. So we have Brazilian companies that do IPOs out of the country. If it's cheaper or more attractive. This year was a demonstration that our market is capable indeed of having a listing of companies that have this technology side, and they show the amount of company that did that companies that did out offshore wasn't that successful this year and the total value captured on the compression of IPOs and the captures outside and the volume is in dollar.

And we're also monitoring these graphs here, which are around like blue, light blue here. The negotiation of those stocks when the orange are the Brazilian companies that had IPO abroad when this was the total traded. We had BDRs this year. So we could bring the negotiations back to Brazil. Dark blue is the volume of Brazilian. You have BR outside abroad. We got to 65% around 2015, if I'm not mistaken.

So if we sum this, the volume of Brazilian companies exclusively with IPO in Brazil, it traded in B3. We always monitor this market share. And we also have this third pillar of CVM 461, a great discussion that I guess was really nice of many participants. We can talk a little bit more about this. I have a letter of a secretary with discussion of retail, a very fair demonstration of the secretary, very little technical.

Anyway, a very poor, according to our view, but had a trend to bring competition. This is no problem. As long as we have a technical discussion, so the market will improve, and we don't have lack of transparency and fragmentation of markets. So we can preserve all the gains of the Brazilian market in terms of security and infrastructure. We also discussed ERP, a product we launched last year. That was very successful, has shown to be a great success.

So let's advance. I have only 8 minutes left. So our pillars of operation in the public -- publicly traded markets from 2020 to 2022 are to maximize the current value proposition, charging policies very carefully, preserved the integrity of the market with innovations in negotiation models and strengthen the relations with customers. In offshore markets, also to foster liquidity in local market, differentiated policies to attract new customers. So it can help in the development of our market and institutional strengthening.

In 2021, I guess, we'll have specifically in the stock market sharing in great scale with customers. We always mention charging policies is a very -- a topic that should be addressed in a very careful way, more in the micro aspect than macro aspect, we should understand where charging is making it difficult for the businesses of our clients. So there are many examples. I guess you know this well enough. What's behind this? This is the first stage we had to break into 2. The first one in the beginning of February, a total of BRL 250 million incomes addressing the demands from very -- the requirements of very big customers and brokers who are attracting individual investors.

As an example, of progressive metrics of discounts it's under negotiation. We can get to prices such as 0.6% in the cost of trading stocks for big customers and completely eliminate the maintenance rates, fees. It has always been a great source of income for individual investors and brokers and also eliminating the custody of small investors. They are about 2/3 of the total of investors, individual investors and also changing, unifying the model of charging what we call BTB. And then along the year, aligned with the market, we should review the pricing list we could not implement right now.

Anyway, we can talk a little bit more about this later. In the over-the-counter market, we have more competition than ever before. We have CERC and CSD M2M, all approved by regulators. So we can conduct many activities with the banks and over-the-counter products. And we have new markets as well. This year maybe with -- the decision was very assertive. We were not sure if we could operate with them. Such as receivables, credit cards, energy and insurance. So we decided we are going to operate in all those markets because some clients said that the new competitors didn't have infrastructure and capacity to meet this demand in a satisfactory way.

So it was a driver for us to make this decision to be in all those markets. And I guess our strategy is not only to launch new products, but to make flexible our platforms. We recognize that the model we have was developed for the markets with big participants in the more concentrated market share. And now we are having switch to the new banks, all those companies trying to disintermediate the financial activity, which leads us to develop more flexible platforms, more agile platforms. Here, it shows how we have been working inward, our strategy, B3 is working to develop markets along with the customers, that's how Brazil is going to grow. Our values, the big 5 values that our employees at B3 walk the talk in their daily routines, and it's in the culture of our company, our strategy, which is to strengthen the current business, maximizing the potential of business we have and selectively diversifying without getting too much distraction. We have corporate goals, which are the same for all employees. Of course, they have individual targets, but the corporate goals that we discuss in all leadership meetings, in all council meetings, in all areas. And each area divides their goals, shares them with the other areas. So we have this collaborative environment.

Here is an example of corporate goals. We have 5 blocks divided with equal weight. Solidity and operational credibility, proximity and customer satisfaction, launching of products and functionalities, business growth and financial and cultural targets, examples of goals we discuss in every meeting of every leadership meeting, as I mentioned. Here, we have a little bit of the evolution of the journey to service customer. In 2017, we restructured the Vice Presidency of Customer Relations. We shared all the responsibilities of coverage in all different customer segments with different responsibilities. We understood what made the difference to customers in 2018. We reformulated the service areas. We created what we call the B3 way of customer servicing. We started measuring NPS. And where are we in this journey. I guess, we are strengthening the international offices, in the United States, in Asia, and what we call integrated management of customers, we are equalizing or balancing the customers' demands in a micro way, combining specific demands, what we call the service of specific demands, a more tailor-made approach, looking at their personal demand requirements, addressing this backlog in combination with products. And we have a group, a PMO group, actively managing the quality to check if we are being successful in this. There will be, I guess, a specific session just for that.

We can observe improvement of metrics in customer service, in quantity. So we have operational improvement, along time, SLA in customer service. We have been working on this, since we started last year in 2019, and we know we can have a better approach in this aspect.

I guess that may be what I can highlight here is that innovation goes through gaining agility, simplifying and adapting our solutions. So we have been talking a lot about this in the company. This has been fostered through simplifications. We can -- so we can modernize, innovate. It's not a way of liquidating in blockchain, as many would say, but rather trying to simplify the process, gaining agility and total productivity through simple things, improving solutions, we already have here.

I guess, is a little bit of a repetition of what we want, to work on our culture, again, B3 values working outwards to be a company that considers outwards customer-centric and in-house trying to develop our people and our culture.

I guess, Ana could help me on this, but I'm a little concerned with time because I have to rush a little bit here, but we clearly have -- we've been measuring every year, our cultural evolution. We are very proud of this project of culture. We started in 2017. And we addressed in a very effective way the limiting values of our culture that were really strong of bureaucracy, hierarchy, internal competition, it's much easier today to show this, but they were limiting values of our culture back then. And we got rid of this. We would measure using indicators that would overcome 30%. It's about 5% now, and we are much better prepared to have this new mindset of innovation, agility, ownership.

And for sure, this makes a difference in our daily lives. The numbers of our GPTW, but we evolved a lot from 2017. Then we have the delta, the vision of the area. So we can know if the areas are the same and the company, the delta decreased from 10% to 3% and effective number is qualifying B3 to be one of the best companies to work at in Brazil. And this was a great evolution. I have a personal goal of making B3 one of these companies.

Here, we have the diversity, you can see here the diversity. We worked a lot on that. This year, race and ethnics, gender, LGBT, we have a customer that recognizes BCD. I forgot the name of the award, but we had a great evolution. Our objective here is to make people feel who they are at B3. And this generation will be able to attract, so we can attract this new generation.

So how are we going to see the future in B3. For sure, we had a lot of success this year when it comes to working remotely because we had already been building this, whether if it's on the culture aspect, on the technology aspect since 2018. So defending access to VPN, laptops and all this technology was already implemented internally. So we understand that this is going to come in a combination of working with B3 internally in alternative spaces as well. So we don't think that this is going to be 100% B3 or 100% at home, it's going to be a combination, and it's going to make the balance between personal and professional life feasible.

But with the importance of having our office, including -- actually, we have another office which is not amazing in the center for new development of talents. So the way that we've been translating this, the market, and we usually use this phigital, which is digital and physical model. So the ability of navigating with these 2 fronts and being able to extract the best and attracting the best thinking minds and having that professional and personal life balance. This, for sure, is going to generate more productivity, more retention, and this is the model that we want to follow.

To finalize my presentation, this is just a graph, which is a little -- it's a little hard to explain, but we've dedicated so much time throughout the last year. So the culture project that I think we should show, and we are very proud of this project, which is led by the people team. So here, what we see is we had a research with a scientist who helped us and he showed us how the integration between people in the company was in 2017. And each little ball on this graph is a person and how they are connected between other people, how they are connect with other people. Through a research to know how close you are with other people and your relationship within the company. And in 2017, it was very clear that we had the blue ball, which was Bovespa BM&F and (inaudible) and then 2018, we measure that this was becoming how can I say, it was becoming like one great block that was starting to be mixed and integrated.

In 2020, we have we have this big diversity and this mix of people in different cultures, different backgrounds. And I think that this has been showing us that this is going to make our development as a company, a lot easier, and we really like to show this here.

I think that now I'm going to send over to Daniel. He's going to tell us a little about about numbers, and then we go back to Q&A. Daniel, you have the floor.

Daniel Sonder - B3 S.A. - Brasil, Bolsa, Balcão - VP of Finance, Corporate & IR and Member of Board of Executive Officers

[Interpreted]

Thank you so much, Gilson. It's a pleasure to be here and be able to talk to you all. Let me just adjust my screen here because I'm not able to see very well. Just 1 second. Do I have to send you the control of the presentation or no? No, it's okay. It's okay, thank you.

So everyone, welcome I'm very happy that we are going to be able to chat. I hope we can have a nice debate on Q&A in a little bit. So I'm going to move a little bit quickly. Mostly, you guys are familiar with our numbers. I just wanted to give you a perspective, which is a bit more long term, not talking trimester by trimester. The company had a very important growth ever since 2017, and we've been doubling our revenue. The highlight, of course, is going to bode the listed area with stocks and variable income instruments, especially with this annual growth of over 40%. I think we changed the presentation here. I can't see the screen anymore. Yes. Thank you.

So the highlighted growth that we can see here on the right side is listed, as I said, above 40%, but also derivatives that are actually going very well. And our technology service and the changes that we did on the model of a revenue project. So we saw the significant growth here as well. A lot of business areas that are more and more developed, the finance sector has growth, a little bit less because we're having more economic growth. So we did see that -- in this year, we saw that reduced a little bit for -- because of the pandemic, but also stressing the attributes that we always talk about. So a diversified revenue model with a lot of different triggers and leverages and protected for different scenarios of performance of those main variables.

When we're talking about our expenses, so I wanted to show you a little bit of our long trajectory and the commitment that the company has with discipline in managing our expenses. So we've been working a lot with, and we've been using our entire management body to be able to create a reflection culture upon the best use of our resources within the company. And we're always trying to seek one of the opportunities that we have, mainly, to be able to have good management and good choices and eventually reducing our expenses and with that, being able to open more room towards investing and putting resources and people in the areas that we want to expand.

So Gilson spoke a lot about our effort to be closer to our customers, our effort to improve our customer service, our efforts to improve our internal culture. And these were areas that demanded people, areas of demand and expenses and investments. And other than that, the whole infrastructure and how robust the technology is, which is what we've been actually putting in action. And other than demand in CapEx, also meets an OpEx recurring charge.

So with -- in spite of that, we can even deliver this growth of these single-digits on our adjusted expenses, it's because the company has been able to seek in other areas having a great efficiency effort and that is something very interesting to be able to share because it's not something that starts today, but it is a culture that is very -- it's very connected to our discussion in B3.

So the next page indicates our guidances. So you already know about this, so I'm not going to talk about all the intervals that we hosted last week. But just a few comments here on adjusted expenses, we're always saying that its personnel expense, which is our main expense and also technology expenses. And also about the initiatives that are diversifying our business, growing our adjacent businesses. And these are projects that need some type of initial investment preparation of team and education, team that at first are not going to gain any results, but that will somehow increase our expenses, but we understand that, that is completely consistent with our growth strategy. And with what we want to impact our customers. The depreciation and amortization line shows that these projects and these investments.

And what we intensified in 2020, the expenses are basically led to our financing segment. So the vehicle segment and also property because these 2 segments have a structure for expenses where there is a link. So there is a bigger link of expenses and the revenue. So we separate that on our guidance. When we're talking about our revenue, and we have important partnerships in the market. Our CapEx is around BRL 450 million, and I'm going to talk a little bit -- more about this in a little bit.

And we are talking about our debt level and our stock distribution. Distribution for our stockholders, and it's a combination of having an adequate structure of capital that is not going to risk the company it's going to preserve our capability of having liquidity and having a passive distribution, which is done in a prudent way throughout time. But we do want to have a distribution policy, which is compatible with the generation of results for the company and for our credit robustness. So the credit market does give us that opportunity, and we want to use that to have an adequate capital structure.

Here, we can look a little bit more in detail to our investment strategy. So our CapEx, as I was saying, CapEx between BRL 420 million and BRL 460 million to next year. On the right side column, we can see the main projects that we had without going into too much detail, we can do this if we want to in a little bit in the future, we're talking about capability initiatives, mainly, initiative for modernizing and also initiative for security.

So we have a company which has the entire capability that the market needs with the most modern technology possible and offering the needed protection for cybersecurity, which is necessary. And these are some of the projects that are here. Within this number, we also have a very diversified other initiatives, which are our products front. And we usually talk a lot about that, launching products on B3 individually for each product is not a very high ticket.

So usually, we do have a strategy of having a wide range of things that we are going to launch and the initial investment is low, great potential, but, obviously, there is risk in the execution along the way. And here, we have an extraordinary item, and we're going to finish on 2021, which is related to our building. Our HQ was completely restored, we've renovated it and we can better receive our team, our customers, which -- within the pillars of our company. And it's also promoting very important value for B3, which is just linked to society. Since we are the main company to have this type of investment in the center of São Paulo. So having our historical buildings and at the same time, making them more modern.

When do we move towards the view on our indebtedness? So here, we are showing that we want to finish the year with BRL 7 billion of total debt in the company. This represents 1.2x what we've had in the past 2 months. So we're a little bit below the target, which is our long-term target that we have established, but this happened in 2020 because we grew way more than what we imagined, and we maintained our capture project, we had access to several types of markets. And this is something that the company has been working on, on our finance strategy.

So we have relationships with the international bank, dollar operations. We access the -- also the local loan in Brazilian banks. So (inaudible) CCB. And we also access the institutional market with a debenture 476, which was for asset -- local asset managers. And we access the individual investors through operation -- a long-term operation that is being distributed at the moment.

So I think this strengthens our capability of accessing different markets. And having an indebtedness structure, which, as I said, is distributed throughout time in a very safe way for the company and offers the liquidity that we need to have the distributions that I wanted to talk about in the next slide. So here we captured basically BRL 6 billion throughout this year, accessing all these markets. And a great part of that is being distributed to our stockholders. And if we're looking at this history that we can see on the next slide. And here, we can see that we've been having a very consistent growth in this distribution policy of the resources that are going to our stockholders using the individual capital resource in terms of dividends as well without consuming reservation. So that we don't compromise our capability in the future and to complement with repurchases and thinking about all the instruments that we have at our disposal to make the money, reach our stockholders in an efficient way.

Of course, just to remind that we have cash -- important cash flow that we need for a central part. So even then with the cash flow of the company and with the resources that we have in the market, we're able to have these distributions. That's why I'm going to close my comments. We're going to finish this block.

I want to open now for questions and answers. We're going to start our Q&A. And I wanted to ask you guys to use the chat in Zoom to be able to subscribe to the questions. You can -- you don't have to send the question, but you can just say, "Oh, I would like to ask a question. And then the team that is managing is going to ask you to ask your question. And before that, I would like to say hi to all our communication and technology team, which is supporting us at this event. Having everything ready and being able to make these 2 days is going to be very great.

So I wanted to complement all the teams that are behind the scenes.

QUESTIONS AND ANSWERS

Unidentified Analyst

[Interpreted]

Well, can I ask questions here. Can you hear me? This is the question about the stock market. I would like to see your view because I know you like to monitor this. We have seen a migration of stock markets more from trading to provide technology services, data, software. So I guess trading is now a way to connect players have more information to make money in different ways. So I'd like to check with you, how you see the future of B3 and whether B3 can follow this path as well. And boycott decrease in the price of trading. We are now in the end of the last year, but there was a delay because we would then expect the volumes increased a lot more than you expected and also about the acquisition of (inaudible) any relevant acquisition if it connects back to acquisitions that missed trends to provide data, technology, software and the market players.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

[Interpreted]

Okay. Thank you for the 3 questions. I'm going to start talking about what you called the stock markets abroad. The trend of stock markets abroad is to explore services and data. I guess, we have been following this up, the trend. But we understand there is a bridge between our markets where we operate and this stage of maturity and development that we have in Brazil, compared to what we see abroad.

I guess it's crystal clear that more mature markets, the marginal growth in negotiations, the margins are very small. And the size of the ecosystem, the opportunity of data is latent. In our case, here, maybe -- I don't know if it's 10 or 15 years lagging behind we have a path in our view that is very long and fertile to develop markets for a number of asset classes from the simplest to the most complex ones, and we are going to create this future need for data.

But currently, deviating this strategy for data doesn't seem to be the more adequate way. We need to grow all those seeds in the market to make sure all those trees will grow, so we can have -- effectively have the fruit of the markets we are going to develop. There are so many examples. From the quantity of publicly traded companies, the strategy of execution, a combination of strategies, options, CDS, credit markets, when we discuss the different markets, it's a limited number of things we need to develop. So we are going to monitor this trend. We have, let's say, the mindset of launching our data products, maybe one of the discussions we have had most often is to not anticipate the issues of these strategies because abroad, the fact that the strategies are changing, the negotiations get more -- get cheaper, but the data -- the stock markets have been challenged by the potential abuse of charging for data.

So we don't want to skip any step I hope we get there the fastest -- as fastest as possible. What we need to guarantee will develop our market because we have a lot to grow, in many different lines in Brazil.

About charging, Rosman, why not decreasing the trading, well -- the prices. We have this view that charging will be inversely proportional to the volume, the model is going to work this way. So the volume goes up and prices go down. And we have this specific perspective of which pains are we addressing. If we understand we can reduce charging fees from customers that are elastic. And can have these for marketing purposes, but not addressing the fixed fees. We started with individual investors. They pay like 3 months to trade the stocks. That's not their pain points. But the BRL 9, we were charging for depository.

So we attacked, we addressed the issue, and we will practice operational leveraging based on volume. So that's what we have been doing in our budget. If the volumes, we project grow, we'll have waves of charging fees. Even if they don't grow, we'll probably anticipate this and lower charges.

Acquisitions, I guess, we still have the mindset that there is nothing very transformational, but our agenda is very busy, our M&A agenda. We have things in this line with data, development of some adjacent businesses that can accelerate our business, they will be under the radar in data.

Victor Schabbel - *Banco Bradesco BBI S.A., Research Division - Research Analyst*

[Interpreted]

Here, it's a follow-up to what you mentioned in your presentation, Gilson, about internalization, how do you see this discussion evolving along the next year, the next years? And what kind of restrictions do you see? So we don't have a fragmentation in the market, pricing. And what kind of experience can we mirror. So we can have some reference of what can be an internalization of orders from now on. So this is my question.

Gilson Finkelsztain - *B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board*

Thank you, Vitor. Yes. This is a hot topic, internalization. I was going to mute -- I removed my video, but internalization of orders is definitely in the agenda of competition. As I showed in the presentation, I think what's clear in the agenda is the end of the discussion and the revision about CVM 461 in which the regulator discussed execution of big blocks, they didn't say internalization, but rules to execute big blocks.

First, what configures a big block? If we should liquidate there or not. So it would shed some light along 2021. There was a public hearing according to CVM agenda. It was postponed to 2021, it seems.

So what we can expect is the definition of what a big block is and under which circumstances we can internalize and if there will be liquidation, I guess, considering the answer from the response from the market, there was lack of transparency in the central book and fragmentation of the market.

If I could put it into perspective, I'd say we have a group that was, according to our interpretation, a group that was favorable to internalization, responding to big blocks, but with this approach that they are favorable, saying that in the large markets, worldwide, internalization is allowed.

And we have a clear group of buy side saying they are against internalization, same buy side costs will be higher because there will be lots of transparency. And we also, I guess, our position, which is kind of in between, and we believe this is the way of the new regulation 461 about big blocks and internalization, which is what B3 said, it's favorable to internalization as long as preserving transparency of the central book and ideally liquidation at clearing for safe -- security reasons shared with the regulations the presentation, showing the importance of liquidating big blocks at clearing. And we think this is the discussion.

There is no outlook for CVM according to the agenda announced for 2021 of any discussion about new rules of internalization. So this is not one of their priorities for 2021. So there is nothing in the pipeline for 2021 for the regulator. But the example, the experience we have, like in Brazil, the ELP experience is a clear success, and it's a trend that we are going to test for new products, at least discuss with the regulation. We can allow the internalization in the central book monitored by the stock exchange, ensuring there will be no interference from latency and with a clear limit established to preserve the central book. So in our view, the best example was innovation created by B3 team, the operation and product teams. I guess it's referenced to the world when it comes to internalization and experience customers, HFTs and even buy-side clients. Our international customers, what they share with us is that many global markets that foster dark pools, they are stepping back and trying somehow to preserve transparency of the central book and avoiding fragmentation of the market. So I guess our regulation pays a lot of attention to that. And it seems to be a trend, internalization with a limit so it ensures the growth of liquidity. It generates a pool of income that is very healthy for the intermediation segment. It's important to have this pool available for the brokers so they can foster and bring more customers to the market. So RLP is a success example. Of course, ensuring it is not going to be used inappropriately. So we can reach the final objective of the customer and does not damage transparency and fragmentation of the book.

Thank you, Victor.

Marcelo Fedato A. Telles - *Crédit Suisse AG, Research Division - MD of the Latin American Equity Research and Head of the Latin American Financials Sector*

Marcelo Telles from Crédit Suisse. I'd like to follow up on this question Victor asked about RLP. RLP is not focused on dollar contracts. And I'd like to hear from you when we expect the expanding of RLP in the market. If you could please say something about this, that would be great.

Gilson Finkelsztain - *B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board*

Thank you, Marcelo. Well, we have a conversation with regulation -- regulatory agencies. And I think that this conversation is due tomorrow. I think it's going to be tomorrow. I don't know if it's on the first panel -- oh, it's the second panel. It's the second panel, we're going to talk about regulatory changes. Okay. On the second panel with Mario and Cícero, I think then we are going to talk about this topic. However, we do understand that RLP was a 1-year experience. We just finished 1 year, and the regulator has been following this very closely. He renewed our approval, and we are discussing with them an expansion of the products, including cash equities. So it's not an inclusion of all the roles. It is an inclusion of some roles precisely. So we can see if it's going to be effective and other products so that we can exactly understand if it's a product that should be acquired or if it should be available for all existing classes of products, so derivations, cash equities and et cetera or if we have any harming effect, let's put it that way, of those products.

So right now, we're currently discussing this with the regulator for this growth in several classes, in several different types of assets. And we hope that for the next months ahead, this is something that -- well, we hope this expansion is monitored, right? So this is something that is already very -- I would say that it's very mature. The trend of wanting to test these products is mature. Actually, our stockbrokers have worked on this list together alongside with B3, and we submitted it to CVM. So I think that pretty soon, this is going to be in our agenda, and we are going to have this experience if RLP works and how it will work for other classes of assets, including some cash stocks. Thank you.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Next question, Andre (inaudible).

Unidentified Analyst

A discussion that I would like to know a little bit, pick your brain about it, about taxation of dividends in the future. So what do you think about the return of capital to the stockholders if you think differently? What do you think about this topic?

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

I'm going to check with everyone who's here, Daniel, but I don't think we anticipated this. I think we are constantly having a payout discussion related to -- I think actually, the first discussion that we have is which should be the payout, so what the payout is going to be. That's why we have 120%, 150% payout usually, primarily done via dividends, but also with the repurchasing of assets program. So this combination -- we've already tried understanding what is the best combination between dividend and repurchase. It's not an easy decision. It's actually very hard. It feels like art and not science, like what is the ideal one?

And I think that the trend, if we have a taxation of dividends, is not going to be changing the discussion a lot related to the discussion. Actually, because we have a very large base of foreign stockholders as well, which somehow have their own taxations. They have like cross tax. So I think we may have to revisit the structure eventually, the capital structure to know if -- depending on the way that we're going to implement this dividend, if we should leverage the company even more. But this is a distant discussion from our day-to-day. So we currently don't have a definition on that. But I don't think the concept is going to change that much. So the concept that we're going to still give back to the stockholder via dividends and repurchasing of stocks or excess cash flow in the company.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

I think we have time for another last question, Gustavo Schroden.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

Is there a lot of people in line, Marcela?

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

No, this is the last one. This is the last one we have.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

Okay. Cool.

Gustavo Schroden - Goldman Sachs Group, Inc., Research Division - Equity Analyst

So it's a very simple question, maybe it's a question to Sonder. My question was on the guidance for 2021, when you're talking about leveraging, and it can reach 1.5x. And you also said that this year, it was 1.2, and we have something related to (inaudible) So I wanted to understand when you're saying that it can reach 1.5 in 2021, what are you considering here on the debt side? So are you considering more emissions to be able to leverage the company a little bit more? Or is there an expectation of maybe for this to not happen again, maybe have a little bit lower? I wanted to understand this dynamic of -- say that leveraging could get to 1.5.

Daniel Sonder - B3 S.A. - Brasil, Bolsa, Balcão - VP of Finance, Corporate & IR and Member of Board of Executive Officers

Gustavo, that's a great point, and it's actually great to clear it up. We hope that we can have more -- we can have more assets actually. We're having a positive perspective for next year, and we want to have more captures here. Some extraordinary factors this year may not happen again next year. But nonetheless, volatility is going to be lower. Eventually, the risk may also generate more movement even in some business lines. So we have a positive expectation for business next year. And the growth and this leveraging would come from new capture. So we don't have any big expiration on 2021. So we have liquid captures in 2021 in the market, and then we could try to reach our target, which we consider quite conservative. We're talking about a total debt here. We have a very big cash flow at the moment, and this gives us all degrees of security. And actually, this year, we faced a moment of great challenges and difficult access to the market. And we did everything. We paid all our -- paid everything we had to pay. And then, of course, we went back to the market. But we still have this intention of having very big cash flow and increasing our indebtedness next year with additional operations that we can complete our payout to our stockholders other than generating our own cash flow and excess of capital, which is appropriate for our business.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

Marcela. I don't know if there are any other questions. But since I delayed 10 minutes, I didn't want to leave everyone without the opportunity of asking a question.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Currently, we don't have anyone else asking for questions. So -- okay, then. I think we can move on. I think we can close this panel.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

Okay. So can I finish my participation here? I'm going to say goodbye now.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Yes.

Gilson Finkelsztain - B3 S.A. - Brasil, Bolsa, Balcão - CEO & President of Executive Board

Okay. So currently, we are in a different format. I think that we're going to have a lot of panelists today and tomorrow on the presentations. But I wanted to, again, thank everyone, all of our stockholders who have been with us for a long time. At the end of the year, we kind of see a movie on our mind. I was actually talking to the B3 Director. And it's very emotional to think of the year that we had and everything that we lived this year from March and having a perspective of a very great year for capital markets and such a dramatic March when we had to put 90% of people at home. And also worrying about security and with those potentially getting sick. So that's how the first trimester ended, and now we finished last year trimester with a record year for capital markets. So it was definitely a different year, a very great year on one side because of the company performance, so how much the company has matured, how much the company has grown in every sense.

I think we grew a lot as a company, as a group, as a team, as an infrastructure, as a relationship with regulators, as importance to our own functioning. And I think that we are very proud to be here. So again, I would like to thank you all and say that we are at your disposal. And it is still a long path. We are still here. We see a lot of potential for 2021 and a lot of years ahead. And we are always here at your disposal to clear up anything.

Thank you so much. Have a nice day.

PRESENTATION

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Thank you, Gilson. Thank you, Sonder. Now we are going to continue with our day, and now we're going to have a presentation on a panel about individual investors on B3. This presentation is going to be done by Felipe Paiva with the Tarcísio Morelli. Felipe, are you here?

Felipe Paiva

Yes, I'm here, Marcela. Thank you all. Can you hear me?

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Yes.

Felipe Paiva

Okay. Great. Good morning, guys. It's very nice to be here with you. We're going to talk about individual investors, kind of linked to what Gilson already said in his presentation. He's talking about the structure of the individual investor area that we assembled in 2019. It was clear after the merge that we had to act in a transversal way with a lot of strategies in everything related to the individual investor in Brazil and the potential that this model has.

So we are going to now go over on the presentation. We're going to talk about the strategies that we've had and also the potential of individual investors in Brazil. And talking about potential, this first slide shows the total resources that we have for individual investors divided in a lot of projects and a lot of products. So we have all types of public titles. We have stocks, we have multi market, and we have like over BRL 3 trillion, and we saw a lot on all of these different products. And great potential that we have on savings accounts to be able to try to capture these resources on savings accounts. So here on individual investors on B3, we have a lot of resources within the company within B3. So we're talking about direct treasurer, depository with stocks, FIs, ETFs with 5.2. And we have fixed revenue off the counter. And this is also a record of capture. We almost reached BRL 1.3 trillion in bank captures, for example, CDB.

And a part of this value is for individual investors, which in the company totals [1.2].

Number of investors, we shared a research that shows the behavior of Brazilians that are now coming to these new environments, especially stock exchange. And we showed a value that we hadn't shown yet, which is the total of CPFs included in B3, so the division into several products and the intersection of these products for the same investor. So this graph starts to show these informations that we had at the end of last year, almost 8 million Brazilians with positions on B3, diversified positions in a lot of products, more than one product. And now we're almost reaching 10 million. We're at 9.2 million CPFs for Brazilian investors, which are also segmented in several positions. For the savings account, I think it's great to talk about this again, talking about the savings account potential. In the country, we have over 20 million Brazilians with BRL 5,000 on their savings accounts. And the entire work of identifying -- B3 identifying with brokers so that we can have this movement and increasing this potential of resources so that it can come to investments in the country to different types of products from fixed revenue products.

Okay. Thank you. Here, this slide shows the evolution of this number of individual investors. So in the last 2 years, we had a very strong growth in the number of investors. Here, we're showing data from November. So we are at [3,100,000]. And from yesterday, we already went to the 3,020,000, reaching almost 2,700,000. So it's very close to 2,700,000. So we are always sharing this information because it's investor data and sometimes one investor has more than one account. So that's what creates the 3.2 million. And CPFs, we're talking about 2.7 million investors. So the average that we have of investors that are coming in strong with values as of what we said in this (inaudible) around 600. And it's the mean of this value on the

first investment has been giving a storage of the investor for -- in the beginning of 2018. Now we're around BRL 10,000 of the average of the investor on B3. In a total of storage of investors around BRL 400 billion, and specifically here, we are talking about stocks and property funds.

Here, the growth that has been showing in the left graph, the net income growth. This is a very positive aspect about the potential of investors coming. A very strong growth, lots of input and very little output outcoming. So the time of permanence of investors, is this a short or medium-term investment? How do those Brazilians think? So we've been talking about the year of 2018, 2019, 2020, how are those people behaving -- sorry, 2020. We are talking about 20 -- 25% of people who are coming. They have zeroed their position along the year. We see there is a high growth of incoming investors compared to the numbers in 2018, 2019. So you're talking about 25 -- 30% of this base of investors. A piece of data we've been communicating is the diversification in the market of products of fixed income, a very strong diversification, specifically in stocks and real estate investment funds. So we are talking about 50% of investors with stocks only, real estate investment funds, then a combination of those products in the portfolio, more investments. And also in the portfolio, we have a high percentage of over 5 assets that investors have in their portfolio for diversification of investments, which confirms the numbers that we announced this week for short and medium term, as I usually say.

Among the initiatives of individual investors what we see for the future, what we saw in 2018, 2019, we talk to our customers, the brokers, how to position B3 for the future. We have been realizing this vision. We started to delineate around 2018, 2019. It was very clear that we should operate over 5 pillars for products, incentive and charging fee programs, aligned with the profile of the investors, especially the brokers, the banks, transparency and easy access to information. We would make our relationship better with individual investors, create operational conveniences for those investors, and work specifically on financial education, which should be part of those incoming -- those new investors so they can amass wealth during their lifetime.

Speaking of products, we are going to speak individually about each one here. The direct treasury, we have historical partnerships since 2002. We thought all the plan to gather, so we could have, as the other countries, a program at direct treasury targeted at first, individual investors, the treasury direct, so we can pivot this. We have been -- we have different initiatives we improved the website of a more straightforward language to communicate with the Brazilian people who invest only -- who used to invest only in their savings account. So the language can make their transition easier for the capital market. We have a partnership with the treasury direct, the content, the website. The growth has been very important for the treasury, especially last year, our growth was very strong, combining all the initiatives of incentive programs, changes in their website, alignment of B3 with the distribution channels.

And we have been discussing again with the treasury direct, a new round of strategies for the following years, so they can enhance the product. We have many changes we have implemented along with the treasury direct, so we can make this transformation, continue this transformation. It's a very strong entry-level product. As I said, that helps in the migration of Brazilians from the savings accounts to the capital market.

Some highlights we have been discussing: the changes in registration; the way to pay for this product; incentives, we have been reviewing frequently, how we can boost this treasury direct program through incentives, distribution channels, operational enhancements; how we are going to transform the treasury direct; make some changes from the technology point of view; and in communication, reinforce the channels and social media. We proved in the survey we conducted this week, it has been a great driver. Social media is transforming this investment moment in Brazil. Another product we've been discussing a lot are the mini contracts. We have some data about the mini contract. The number of investors has been growing. We have been following this closely, their profile, their behavior. We've been discussing this with CVM, the brokers. This has been very strong, mini contracts. And some data about the impressive evolution we had, the RLP entry last year, and we've been discussing this with CVM, the Brazilian SEC.

Now about BDRs, again, one of the pillars for individual investors. It was clear that we would have an internalization process, the diversification would happen. Brazilians are interested in big brands. So we could have a higher operation in Brazil, enabling Brazilians to have access to international stocks as other countries did. Take Mexico, for example, they had the same transformation, leading this for qualified investors. And then about 3 or 4 years ago, they opened this up for retail investors in Mexico, and now they trade international stocks more even than domestic stocks. We had a very broad conversation with CVM, so it could allow BDRs for personal investors, individual investors. And the graph is showing we are on the right track to make -- to have Brazilians trading BDRs in Brazil. You probably follow the discussion. This happened from September, August on -- when CVM approved the change, effective as of September 1. And then on October 22, it became effective. And then we launched new products

and stocks for BNB. It's always under our radar, the idea of extending BDRs. As we did recently, the next movement is to bring that BDRs and have it on the shelf for B3 to trade them.

Here are some examples of incentives to individual investors. In the treasury direct, as we've been saying, we can look at the charging fee models aligned with the profile of the Brazilian investors, the size of the portfolio of those who are coming and starting to invest. So we revealed the charging fee policies and consider the best ways, considering sensitivity of individual investors to fees and how we can balance this with distributors because there are many other products on the shelf. For minis, we developed an education program. We've been talking a lot about this, how we can follow the movement in minis and bring all the disclaimers, disclosures of how the market works. We have been -- partnerships with BTG, (inaudible) educational contents regarding this type of products. Custody, we have been working on the qualification, changes of fees. It starts next year, but we anticipated this through bonification of custody, thinking of meritocracy and growth. So as the brokers grow their portfolio of individual investors, they would have a discount. So we implemented this back there when we were starting to think about individual investors in retail. New fees for stocks, as Gilson mentioned, speaking of the product that we have now family and friends at B3. Employees are participating of the launching. In the beginning of this year, we communicated in a broadly way, we are launching B3 investor, a new e-channel, where individual investors can interact with B3 to consolidate their positions. We reviewed the system completely. We are reformulating the way B3 talks to Brazilians and also to the fintech community that's going on in Brazil. This movement of financial aggregators and thinking of how they can help us in the transition of the Brazilians to the financial and capital market and how we can leverage this. And B3 is a great leverager for this to happen. The design that we have, we invested a lot to transform the product into a platform that could be in the cloud. So we are thinking of depository, stock market, over-the-counter products to build this infrastructure, we invested a lot this year to lay the foundation so we can create new futures and functionalities next year to make the Brazilian people's life easier and so we can serve this audience better. So we built the infrastructure. Now we are building the APIs so financial institutions can also consolidate. Banks and brokers are anxious for the launching. They are developing their platforms and fintechs as well so they can connect to B3 and offer more financial services.

Speaking of the new futures for new -- for the next year. As we have a closer relation with individual investors, there are many potentialities to develop new features. So we'll make available for next year to make it easier to calculate the income tax. We see this as a barrier for investors because some of them just leave the market because they cannot conciliate this kind of operation. So we are going to work on that and also, enable portability, transfer of stocks, how we can enable this type of operation through B3 investor and a number of other products we've been discussing, so we can enhance the features of the platform.

As I said, we already have a very big trigger here. It's actually a big leverage. And it's a constant that we have, again, following the lives that we've been having, the growth and everything that we're going to do throughout life. So that's why we have this new hub this year, which is for financial education. And it's also with a part of stockbrokers, brokers, content creators so that on B3, we can have like a marketplace for educational content. So platforms are going to put this view and these contents in this platform. B3 is going to analyze, thinking of content trail, what is the path that the Brazilians going to do to understand more about investments, then launch phase 1, phase 2 and a crescent number of users on this platform. And we're still thinking for next year, what are some strategies that we can use to intensify the entry and interaction of people with this platform.

So to align all these pillars, we have products, incentive projects, platform view, so B3 investors as well as direct treasurer and their communication view for the company, which is much closer to the investor, much more simple on our social media, which we've also been transforming. Even launching these researchers have a goal of spreading even more the concept of this information. So that medias, which are today, the source of data for people to invest more and more, and they can talk about their products, financial market and about capital market.

So I'm going to finish now. Before finishing and going to the questions, (inaudible), I want to show you the research that we have for (inaudible), they talk about the research that B3 launched. And they were joking, they said, "Marcela, do you already have investments in this stock market," which is the person who presents the program. She says, "No, not yet. But I have BRL 3,000, BRL 4,000 on my savings account." so I imagine this media sharing this information and the potential that this has to help us leverage that and bring the capital financial market on this path of transformation and also movement of more and more investments.

Okay. Marcela, (inaudible) I hope I was on time. I'm sorry if I was a little too quick on some concepts, but now we're here. Tarcisio and I can help you guys answer questions.

QUESTIONS AND ANSWERS

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Thank you so much, Felipe. (Operator Instructions). Felipe and Tarcísio are at your disposal to answer any questions that you guys have. [Nishu], would you like to ask your question?

Unidentified Analyst

Yes. So how does the profile of the new investor that is coming from the stock market works? Is it a more trader profile? Can you share these numbers with us, the profile of investors?

Felipe Paiva

Thank you, [Nishu]. You kind of gave me a really good idea. Now I'm going to ask Marcela. We heard this week, this answer. We had a research with over 1,300 people and exactly the people who have come between April 2019 and April 2020 to understand the behavior of these Brazilians, Nishu. So some interesting data from this research is the main motivator of people coming from these investments. And we always say that it's not just about the interest rate because they also came to learn. So they came to invest. But part of their resource is to try to understand more about investments, 38% of the base answered this. We asked if volatility or if the stock market was -- again, is March 2020, what would happen? Would they leave? A lot of them answered that -- actually, majority said that they only leave if they need money. So they are not really worried about the volatility. And what this shows is you is that the Brazilians are lot more mature to the variable income world, knowing what may happen in maintaining their resources to medium and long term. A lot of them purchase and maintain their positions. The volume of day trade is -- actually on the research is very low on the equity world. Over 65%, almost 70% of the day trade volume is done by almost 10,000 investors. So it's something very concentrated, this type of investment modality on the equity world. So the transformation initiative which is happening is happening for a growth to medium and long term, and in my opinion, sustainable growth related to this change of investments in the country.

Marcela, I think that from the [Nishu's] question, maybe not all of you know about this research. If maybe you could share with everyone that would be great.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Okay, Felipe, thank you. We are going to share on the RI website. So you guys can have the link to the results of this research.

Ian Simmons - Fiera Capital Limited - Portfolio Adviser

Just one, please. I was hoping you could provide us with a sense and for the churn of retail investors trading mini contracts specifically, please, sort of the churn on the derivative side. Perhaps you could tell us what percentage of retail volume is from customers that began trading in the last 6 months? Or maybe conversely, what percentage of volume comes from customers that have traded for more than 2 years, please?

(technical difficulty)

Unidentified Company Representative

But what we have seen is that even though we have some higher level of churning, we have an increase -- the inflow of investors is more than enough to offset the losses or the churn that we have. And what we also have seen is that the median number of contracts traded is smaller. So

we are attracting smaller traders or smaller investors into these contracts. But I don't have the specific statistic for churn on these contracts at this point. We can -- we have that. I'm not certain if we have this on our website on the...

Tarcísio Morelli

(inaudible). But I think we can update this presentation later and share with all of you.

Unidentified Company Representative

Yes, we can do that. Yes. Okay.

Tarcísio Morelli

Thank you, Ian.

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

(Operator Instructions) Well, Tarcísio, Felipe, thank you so much for being here. Thank you for your time. It was great to have you here with us. And we're sharing a little bit more about your behavior and the perspectives towards the market in terms of the participation of individual investors on B3. Thank you for that perspective. Thank you again for being here, and we'll keep in touch.

Felipe Paiva

Thank you. I thank you guys. Guys, we are available for it, whatever you need. We are at your disposal. Thank you so much.

PRESENTATION

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Okay, guys. Now we're going to continue towards the panel for ESG initiatives in B3. The person who's going to talk about ESG is Ana Buchaim. She is Director of People, Brand and Sustainability on B3; with the support of Fabio Zenaro, who is the Director of Over-the-Counter Products here on B3. Ana, good morning.

Ana Buchaim

Good morning, Marcela. Good morning, everyone. Now we're going to talk a little bit about the ESG agenda. As Marcela said, I'm going to do this with Zenaro. ESG is always a transversal topic in the company, and we always do it with a lot of people.

If we can go to the next slide, please. Well, you guys are aware of this topic, and you know how the ESG agenda has evolved on the international scenario. If we look at investors, whether if it's institution or individual investors, the regulation, society, we see a very big movement. The investors of sustainability are no longer something specific and are on mainstream. So companies have also realized an increase in the capital costs when we don't have sustainability practices in place. And actually, a lot more charge on society when we're not transparent with our metrics and our practices. So we do see an increase of the regulatory requirements to accelerate the ESG agenda. So we have a regulatory strength that helps this agenda going forward.

And what we also see is within individual investors, we can look at generations and especially the new generations that are coming into the stock exchange. A big part of them are looking at companies in a much more integral way. So they are looking how we are dealing with ESG in companies, there is consistency between the practice, and they are having investment decisions based on this information. Whether it's personal information or market movement, we realize that companies are now much more concerned with the journey on ESG and development as well via regulation because of a customer demand as well, as well as -- well, the capital cost that we have.

When we look at other stock exchanges, some of them are starting to bring a movement of changing their listing criteria, making ESG factors mandatory. So an example is JSE. We realized there's also a big increase in the indexes. So the families of ESG index, whether it's broad or specific topics, exclusion, inclusion, we realized that the portfolio of all the indexes has improved, has increased. And there's also an increase on the green register, social sustainability bonds. And that is actually something that has values with lower cost. And obviously, companies have published guidelines for implementation and practices of ESG reports and they have been showing what companies have been doing with their ESG practices.

Here on B3, this is not different, as a company, obviously, on our role of stock exchange and our behavior in the market. So sustainability for 2020 and 2021, we want to have a very good business environment, which naturally is related to the ESG factors. So the first pillar on our strategy is a company aligned to the best sustainability practices. So there's no point in the company looking at other companies and having conversations and bringing more repertoire if we are not working accordingly and in compliance with these practices. So one thing that being the market hub means is that we're going to structure conversations and create this discourse on these good practices, not only in the market, but also the corporate market. So bringing companies, discussing with them and understanding their journey and deciding best practices so that we can move forward.

And the third pillar is strengthening the product portfolio and developing new markets according to the ESG demand. So we realize that we are very close to our customers so that we are able to understand what kind of product we can have.

So talking a little bit about the best practices of sustainability, I'm going to open here quickly. We do this on ESG. For environmental, we already know that we have a lot of other factors, E, S and G. And we have a very big corporate responsibility here. So I'm going to highlight 3 points, and we always work in a continuous movement and climate management. So we are already neutral carbon since 2011. This is not new for us. This year, on CDP, we changed our score from C to B. This means we're on the 30% best on the industry sector and also in Latin America. So that's very important. We have emission inventory since 2010, and we have the commitment platform with climate, and we have carbon compensation of scopes 1, 2 and 3.

So we already had the reform of our building. So when we did this, the entire building is smarter and therefore, more efficient on consuming our resources. So we're increasing our energy efficiency, saving more water and releasing less damaging gases. So the B3 movement helped us improve our -- actually reduce our environment impact. And for residue, we sell our recyclable materials. And what we have back from that, we take to our social B3. We are talking about social and government -- governance. We have some important highlights. When we're talking about social, we're going to look at the way we contribute to society with our customers. We look at the chain. So it's natural that we're going to talk about the supply chain and the shared responsibility with them, but also our own employees.

So starting in-house, the diversity that since 2018, we accelerated this. We have some centers of interest, meaning that all issues and all we have been addressing is linked to the need of our employees. We conducted very intensive training with our managers, so they will know how to deal with the issues. We have allies in the companies. All leaders are engaged. We have goals for the leaders. As Gilson said, we want people to be who they are with no restriction if they want to grow.

And speaking of growth, we have our trainee program. 30% of African descendant, young people they enroll in our program. And we have been expanding this number. We came from 8% to 10% and then 25% of ratio representativeness with our interns. And as Gilson said, we were acknowledged last year -- last week, we -- among one of the best companies to work. In culture, we have an increase of 13% to 20% of people who are aligned with the companies of -- the products of the company. We have been creating a very solid culture, speaking to our employees. The benchmark of a great place to work, it means people remain here because they believe in our culture, and they feel they belong to the environment, some of our employees say that. So we came to this benchmark of one of the best companies to work. We are among -- we are in the second ranking of best companies to have the internship.

We also have to look at the suppliers. We have a code of conduct. We apply a form of ESG practices. The responsibility is also on our suppliers and B3 social and restructured the -- all the actions, the social aspect, so it can generate more impact. We have been working with literacy, first work, sports to develop social and emotional capabilities. So we had engagement of our employees. We offered help during the COVID crisis. Speaking a little bit about the pandemic of COVID, we worked with some pillars to ensure the safety of our employees. We reached 95% of remote work. We were prepared since 2018. We have structured a plan for when the face-to-face work comes back. We extended the support to their family members. We have a goal of, over time, working to have a 0 bank of ours. The operation, the volumes Gilson (technical difficulty) it was critical to keep business continuity. We could not stop in the beginning of the crisis. We had a committee to manage the crisis, and we have been working on that. We also supported the society. As Gilson said, we had a campaign to make donations, BRL 50 million in donations.

As for governance, the company adhered to the best practices of corporate governance. The management council, we work with gender diversity and the competences necessary. There is an annual review of the administration council, and we have the committees to help in this.

We also manage risk. We have internal (technical difficulty) information security. We have governance, internal auditing. The -- we have (inaudible) monitoring of the -- for the regulations -- regulators. And we have our policy and code of conduct. We have a channel where people can report anything they think should be reported. And security information, we use the best practices. A second pillar, inducing best practices. So we know that in our stakeholders, we need to improve their (technical difficulty) market. We have 93,000 users registered with over 400,000 accesses, different contents about many things, including ESG. We have a number of events and partnerships, CVM, Stock Exchange, SSE. We have the Ring the Bell for Gender Equality event in partnership with UN Women, Global Compact, SSE, Women in ETFs, so we can bring awareness of all the topics. We participate in international forums. We are at the Board of the Global Compact, FIBRA Banco Mission, CVM Innovation Lab.

Now Zenaro is going to talk a little bit about our portfolio. Thank you.

Fabio Zenaro

Thank you, Ana. First, good morning, everybody. It's a pleasure to be with you. I hope you're doing well.

So to wrap up this presentation, we are going to talk about the product portfolio. It's important to talk about that. We started talking about the indexes. So we are conducting this work on the indexes. We have 7 indexes currently related to ESG aspects in B3. Maybe the most renowned one is easy. We have been working on how to improve it. The pillars of sectors. This is an important pillar. So we can adjust different realities of sectors to this topic. We have been working on a review of this methodology for 2021 and also use of information and big data to contribute to this index. We know this is an important topic for the companies. So we are reviewing the companies that form the easy index. We have almost 70% of the companies requiring this process. So this shows the importance of this topic. We had this feeling, but especially after the pandemics, there was more attention to this. So we would also like to highlight our environmental index, ICO2. We have also been working on reviewing the methodology, listening to specialists, experts in the market. So we can expand the portfolio from BRX 50 to IBRX 100. And we want to improve the visibility of this index with training initiatives, engagement initiatives. We have many actions related to this.

And finally, I'd like to highlight that we've been working, we don't have this yet, but the first social index with the GPTW partnership, specifically working on the social aspects. So from indexes to over-the-counter products, as we usually call them, assets. So there is a great point. We've been discussing and working hard on green bonds. They are bonds that have this label. I'd like to say, we cannot speak of green bonds if there are no conditions to develop this in the capital markets. So 4 years ago, it was really hard to talk about green bonds because we could not talk about the evolution in the capital market, especially because of macroeconomic structural issues. The interest rates were around 20 -- 12%, 14%. So the capital market is not very -- was not very interested. And we had a change in the role played by BNDS, smaller participation intervention. So the companies see more incentive to capture resources. So green bonds, they emerge in this context. There is more attractiveness, more concern on the investment fund side. It's something that was already happening abroad and is happening now. They're focusing on bonds with those characteristics.

So we understand the circumstances. Of course, the -- during the pandemic, there was not so much incentive to issue those bonds. But once there is some recovery, we can see there is more movement in the end of the year to -- we have about 20 instruments in the local market as well as the issuances abroad, we have 15 debentures, 1 CRE, 2 CRA with social, environmental purpose and 2 others with environmental purposes. We are

talking about almost BRL 5 billion of issuance with potential to grow. And I would also like to highlight, we have the first bond with a social label issued exclusively from banks, about BRL 0.5 million.

And how do we collaborate in this project? It's about transparency, information, incentives for issuance. We started with a small step about 2 years ago. We had no identification of those green bonds in our platform. And now we've been working with this process. This is simple, but it opens up possibilities for investors to see in the transactions. We offer the trade platform for those bonds so we can identify them and these bonds specifically. And our goal, when we see more volume development in the secondary market, we can make the analysis.

So what are the benefits for the issuers? Not only image, but financially speaking, do green bond issuers have benefits compared to nongreen bonds? So what's the behavior of the customers in the secondary market? So we are laying the foundation to be able to run this analysis as well. So quickly, speaking about the project -- product, CBIOS, yes. CBIOS it has some similarity with the capital market. It's not a capital market by definition, but it's a bond. For those who don't know it, it -- basically, it's in the Renova Bio program, the Brazilian government's program to reduce emissions of carbon according to the Paris accord. So they are issued by companies that trade biofuels basically. So it means savings of 1 tonne of carbon released in the atmosphere. And there is a program that fossil fuel distributors, they have goals to acquire CBIOS. So the program appeared with those 2 players, companies who sell biofuels and those who buy the bonds. But we see other companies are using CBIOS to offset their emissions. So we see foreign investors in this market. And we offer a solution that's mandatory, but also we make a platform available for trading. We -- as a market infrastructure, we offer conditions to facilitate the trade and transparency for this process.

One last thing here is the carbon market. So again, I understand that we had a rediscussion of this market. And a few years ago, some things worked, some things didn't work, and we had a rediscussion about this. And we realized that in Brazil, we start rediscussing a model for the carbon market. So there's a rediscussion if it's going to go into more tax incentive or if it's a carbon market model. So apparently, we're going more towards the latter. And we obviously want to be a part of it and try to give our contributions, always looking at our experiences in other markets and with our market infrastructure. So we believe that throughout 2021, the carbon market should be a very recurrent topic.

And just to finalize, thank you. I would also like to talk a little bit about governance. So we saw a consolidation here of the new market within the governance levels that are different for these emissions, these stock emissions. So we saw an evolution of this new market going on, which is the highest governance level that we have. And there's a lot of adhesion. So we have a very high volume of what we also understand is a very important factor, very positive factor that needs to be observed in this market.

So I think that's it. I don't want to stretch out too long so that we have time for questions and answers. And we're going to be at your disposal for questions. And then back to you, Marcela and (inaudible).

QUESTIONS AND ANSWERS

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Thank you, Zenaro. Thank you, Ana. (Operator Instructions) We are at your disposal.

Ian Simmons - Fiera Capital Limited - Portfolio Adviser

I just wondered if you could say a little bit about any plans you had to monetize the ESG indices, kind of how do they generate incremental revenue for B3? Does it depend on a growth of kind of passive investing or managers having exchange-traded funds that are linked to these indices? Are they more sort of subscription-like product, so kind of active managers benchmarking portfolios to these indices? I had understood that you publish and give out data on some indices for free. I wondered if these would be included in that or if there are other plans there, you could help me understand, please.

Ana Buchaim

We provide information. We understand that providing information is pretty necessary for the market. If you see easy, our sustainability index, the main sustainability index, we are the only one that provide access to all enters that the companies are sending this in order to give investors a better perspective journey that the companies are holding and doing, giving transparency to investors. But we are not monetizing the indices on this (inaudible).

Marcela Bretas - B3 S.A. - Brasil, Bolsa, Balcão - IR

Ana, Zenaro, thank you very much for (inaudible) availability to join us today. I think this has been very helpful. It certainly is a topic of more and more interest by investors. So we appreciate you taking the time to talking to us today. Everyone, thanks for joining us at this first part of our series of meetings for B3 Day. Tomorrow morning, we'll have 2 additional panels, first one related to new products and the second one will be regulatory -- about regulatory changes in the listed segments, especially equities. So hopefully, we'll see you tomorrow. Thanks, everyone. Have a nice day.

[Portions of this transcript that are marked [Interpreted] were spoken by an interpreter present on the live call.]

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