(Convenience Translation into English from the Original Previously Issued in Portuguese)

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements
For the Six-Month Period Ended
June 30, 2013 and
Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

(Convenience Translation into English from the Original Previously Issued in Portuguese)

XP INVESTIMENTOS CORRETORA DE CÂMBIO, TÍTULOS E VALORES MOBILIÁRIOS S.A.

FINANCIAL STATEMENTS AS AT JUNE 30, 2013

Contents

(Convenience Translation into English from the Original Previously Issued in Portuguese)

MANAGEMENT REPORT

To the
Shareholders and Management of
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Rio de Janeiro, RJ

We are please to submit to you our financial statements for the six month-periods ended June 30, 2013 and 2012, and the related notes to the financial statements, and the independent auditor's report thereon.

We hereby inform you that we have maintained our operational policy in the period. In accordance with the regulations issued by the Central Bank of Brazil, we are entirely at your disposal for any further information you may need.

Risk management

Risk management is structured as a function fully independent from the business functions, reporting directly to the top management, to ensure there is no conflict of interests and a segregation of duties consistent with good corporate governance and market practices.

Our organizational structure is outlined according to the recommendations proposed by the Basel Accord, formalizes the policies, procedures, and methodology consistent with our risk appetite and business strategy, and monitors the different risks inherent to the operations and/or processes, including the market, liquidity, credit, legal, and operational risks.

These risk management processes are also linked to the business continuity management processes, especially as regards the design of impact analyses, continuity plans, disaster recovery plans, backup plans, crisis management, etc.

a. Market risk

The operations' market risk is managed based on policies, control procedures, and early risk identification in new products and activities, aimed at keeping exposure to market risk within levels that we consider acceptable, and pursuing our business strategy, and not exceeding the limits set by the Risk Committee. Based on the established rules, the purpose of the risk department is to control, monitor and assure the compliance with the pre-established limits, and has the authority to fully or partially reject the requested transactions by immediately notifying the decision to our clients, as well as to intervene is noncompliance events and report all atypical events to the Committee. A full description of our market risk management framework is available at our head office.

b. Liquidity risk

The Liquidity Risk Management policy as established based on the guidelines set forth by the Central Bank of Brazil and seek to provide a constant appropriateness of our operations' management, the complexity of our products, and the size of our exposure to the liquidity risk. The liquidity risk management process prescribes certain liquidity risk exposure identification, measurement, and control procedures, taking into consideration current market conditions and future forecasts to devise scenarios for cash flow projections over different time horizons, including intraday projections. A full description of our liquidity risk management framework is available at our head office.

c. Operational risk

In compliance with Article 4, Par. 2, of National Monetary Council Resolution 3380/2006, of June 27, 2006, we have an operational risk management framework that covers preparing institutional policies, the assessment and monitoring of risk mitigation processes and procedures, strategies and contingency plans to ensure the continuity of our business, and formalizing the single framework required by the regulator. A full description of our operational risk management framework is available at our head office.

Rio de Janeiro, August 16, 2013

The Executive Committee

Members of the Executive Committee

Julio Capua Ramos da Silva
Guilherme Dias Fernandes Benchimol
Marcelo Maisonnave de Oliveira

Ana Carolina Moraes Padilha
Accountant
CRC RJ-080725/O-9

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INDEPENDENT AUDITOR'S REPORT

To the Management and Shareholders of
XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Rio de Janeiro - RJ

We have audited the accompanying financial statements of XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("Entity"), which comprise the balance sheet as at June 30, 2013, and the income statement, statement of changes in equity and statement of cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting practices adopted in Brazil applicable to entities authorized to operate by the Central Bank of Brazil (BACEN), and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conduct our audit in accordance with Brazilian and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the interim financial statements present fairly, in all material respects, the financial position of XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. as at June 30, 2013, and its financial performance and its cash flows for the six-month period ended, in accordance with accounting practices adopted in Brazil applicable to entities authorized to operate by Banco Central do Brasil - BACEN.

The accompanying interim financial statements have been translated into English for the convenience of readers outside Brazil.

Rio de Janeiro, August 23, 2013

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU
Auditores Independentes

Marcelo Luis Teixeira Santos
Engagement Partner

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements

For the period ended June 30, 2013

Balance Sheet

(Amounts in thousands of Brazilian reais – R$)

Assets	Notes	2013	2012
Current Assets		**1,978,332**	**1,733,262**
Cash and cash equivalents	4	593	1,314
Interbank investments	5	174,342	88,025
Own portfolio		174,342	88,025
Securities	6	323,862	238,235
Own portfolio		142,702	119,845
Derivative financial instruments	7	-	21,233
Securities linked to guarantees provided		181,160	97,157
Other receivables:		1,477,101	1,403,873
Income receivable	8	9,740	3,409
Trading account	9	1,442,335	1,384,037
Tax credits		11,509	9,236
Income tax and social contribution	13	6,596	4,779
Sundry	9	6,921	2,412
Other assets:			
Prepaid expenses	11	2,434	1,815
Non-current assets		**18,822**	**21,388**
Long-term assets			
Other assets:			
Prepaid expenses	11	3,454	4,725
Permanent assets	12	15,368	16,663
Property, plant and equipment		13,153	13,373
Deferred Taxes		935	2,107
Intangible assets		1,280	1,183
Total assets		**1,997,154**	**1,754,650**

The accompanying notes are an integral part of these financial statements.

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements

For the period ended June 30, 2013

Balance Sheet

(Amounts in thousands of Brazilian reais – R$)

Liabilities and Equity	**Notes**	**2013**	**2012**
Current Liabilities		**1,889,512**	**1,692,660**
Other payables:		1,889,512	1,692,660
Tax and social security	10	20,684	9,537
Social and statutory obligations		-	1,163
Trading account	9	1,830,230	1,625,079
Sundry	9	38,598	38,336
Derivative financial instruments	7	-	18,545
Equity	14	**107,642**	**61,990**
Capital:			
Residents in Brazil		79,509	49,504
Earnings reserves		28,133	12,486
Total liabilities and equity		**1,997,154**	**1,754,650**

The accompanying notes are an integral part of these financial statements.

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements

For the period ended June 30, 2013

Income Statements

(Amounts in thousands of Brazilian reais – R$)

	Notes	2013	2012
Revenue from financial intermediation		**23,202**	**25,963**
Securities transactions	5 and 6	23,202	25,963
Gains (losses) on derivatives financial instruments			
Expenses on financial intermediation		**-21**	**-456**
Borrowings and onlending		-16	-28
Gains (losses) on derivatives financial instruments	7	-5	-428
Gross profit from financial intermediation		**23,181**	**25,507**
Other operating income (expenses)		**23,599**	**3,462**
Service revenue	15	147,942	115,762
Financial system service expenses	18	-59,811	-54,455
Specialized technical services expenses	17	-5,196	-4,615
Personnel expenses		-22,641	-19,202
Data processing expenses	17	-12,601	-14,866
Communication expenses	17	-2,952	-1,497
Tax expenses		-15,195	-12,352
Other administrative expenses	17	-13,129	-14,614
Other operating income	16	10,845	9,778
Other operating expenses		-3,663	-477
Operating income		**46,780**	**28,969**
Nonoperating income		**189**	**-662**
Income before taxes on income and profit sharing		**46,969**	**28,307**
Income tax and social contribution	13	**-9,450**	**-3,222**
Provision for income tax		-4,927	-3,384
Provision for social contribution		-3,035	-2,082
Deferred tax assets		-1,488	2,244
Statutory participation in profit	21	**-23,085**	**-20,189**
Profit for the six-month period		**14,434**	**4,896**
Earnings per share - R$		0.01	0.01

The accompanying notes are an integral part of these financial statements.

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements

For the period ended June 30, 2013

Statements of Changes in Equity

(Amounts in thousands of Brazilian reais – R$)

				Earnings reserves			
	Notes	Capital	Capital increase	Legal reserve	Statutory reserve	Retained earnings	Total
Balance at December 31, 2012	14	59,506	10,001	1,821	11,878		83,206
Capital increase		20,003	-10,001				10,002
Profit for the period						14,434	14,434
Allocation of profit:							
Recognition of reserves				721	13,713	-14,434	
Balance at June 30, 2013		79,509		2,542	25,591		107,642

				Earnings reserves			
		Capital	Capital increase	Legal reserve	Statutory reserve	Retained earnings	Total
Balance at December 31, 2011	14	4,750	24,754	1,434	7,319		38,257
Capital increase		44,754	-24,754				20,000
Profit for the period						4,896	4,896
Allocation of profit:							
Dividends						-1,163	-1,163
Recognition of reserves				245	3,488	-3,733	
Balance at June 30, 2012		49,504		1,679	10,807		61,990

The accompanying notes are an integral part of these financial statements.

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.

Financial Statements

For the period ended June 30, 2013

Statements of Cash Flows

(Amounts in thousands of Brazilian reais – R$)

	2013	2012
Cash flows from operating activities		
Profit for the six-month period:	**14,434**	**4,896**
Adjustments to profit:		
Depreciation and amortization	2,353	2,209
Provision for current income taxes and deferred	9,450	3,222
Statutory participation in profit	23,085	20,189
Adjusted net profit:	49,322	30,516
Income tax and social contribution paid	-8,295	-7,734
Participation in statutory profit paid	-18,071	-15,329
Change in operating assets and liabilities:	-35,010	-23,047
Interbank investments	4,718	-46,888
Securities and derivative financial instruments	-35,715	-8,462
Income receivable	-3,140	-838
Negotiation and intermediation of securities	4,731	27,418
Other assets	-11,190	1,564
Other payables	5,586	4,159
Net cash used in operating activities	-12,054	-15,594
Cash flows from investing activities		
Purchase of property, plant and equipment	-771	-2,452
Sale of property, plant and equipment	22	41
Purchase of intangible assets	-218	-939
Net cash used in investing activities	-967	-3,349
Cash flows from financing activities		
Capital increase	10,002	20,000
Dividends paid	-	-500
Net cash generated by financing activities	10,002	19,500
Increase/(decrease) in cash and cash equivalents	-3,019	557
Cash and cash equivalents at the beginning of the six-month period	3,612	757
Cash and cash equivalents at the end of the six-month period	593	1,314

The accompanying notes are an integral part of these financial statements.

1. GENERAL INFORMATION

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("Entity") is a private corporation, based on Avenida das Américas 3434, bloco 7 - 2° andar, Barra da Tijuca, Rio de Janeiro, engaged in conducting transactions on BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA S.A.") (São Paulo Stock and Mercantile Exchange), for own account or on behalf of third parties, and the management of investment portfolios and clubs.

The Entity is controlled by XP Controle Participações S.A., which indirectly holds a 72.3996% equity interest in the Entity's capital.

2. PRESENTATION OF FINANCIAL STATEMENTS

The Entity's management is responsible for the financial statements, which have been prepared in accordance with the accounting principles set forth by the Brazilian Corporate Law, Law 6404/76, as amended by Law 11638/07 and Law 11941/09, coupled with the standards and guidelines by the Central Bank of Brazil (BACEN), and are presented in accordance with the Standard Chart of Accounts for Financial Institutions (COSIF).

In order to converge to the International Financial Reporting Standards, the Accounting Pronouncements Committee (CPC) issued some standards, and related interpretations, that will only be applicable to financial institutions when approved by the BACEN. The accounting pronouncements already approved by the BACEN are as follows:

- CMN Resolution 3566/08 - Impairment of Assets (CPC 01).
- CMN Resolution 3604/88 - Statement of Cash Flows (CPC 03).
- CMN Resolution 3750/09 - Related-Party Disclosures (CPC 05).
- CMN Resolution 3823/09 - Provisions, Contingent Assets and Contingent Liabilities (CPC 25).
- CMN Resolution 3973/11 - Events after the Reporting Period (CPC 24).
- Resolution 3989/11 - Share-based Payment (CPC 10).
- Resolution 4007/11 - Accounting Policies, Changes in Accounting Estimates and Errors (CPC 23).
- Resolution 4144/12 - Conceptual Framework (R1) issued by the Accounting Pronouncements Committee (CPC), applicable when it does not conflict with the standards issued by the Central Bank of Brazil's National Monetary Council.

To date, it is not possible to estimate when other CPC pronouncements will be approved by BACEN.

The financial statements were approved by the Executive Committee and authorized for issue on August 16, 2013.

3. SUMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Revenue and expenses recognition

Revenues and expenses are recognized on the accrual basis.

b. Current and non-current assets

Interbank investments

Carried at the investment or acquisition amount plus income earned through the end of the reporting period.

Securities

Classified into three specific categories based on a set of security portfolio recognition and valuation criteria prescribed by BACEN Circular 3068/01, according to Management's intent, observing the following accounting criteria:

- Trading securities - securities acquired for the purpose of being actively and frequently traded are adjusted to fair value, as a balancing item to profit or loss.
- Available-for-sale securities - securities that are not classified as 'Trading securities' or 'Held-to-maturity securities'. These securities are market to market and any valuation gains, net of taxes, are recorded in a separate account of equity. When realized, gains and losses are recorded in profit or loss.
- Held-to-maturity securities - securities that Management has the positive intent and ability to hold to maturity and carried at cost, plus income earned, as a balancing item to profit or loss for the period.

Derivative Financial instruments (assets and liabilities)

Derivative transactions undertaken by the Entity are accounted for in the balance sheet and the notional amount of the underlying contracts in recognized in memorandum accounts. The adjustments to futures contracts are determined on a daily basis per type of asset and the related maturity in recognized in profit or loss for the period. Forward transactions are recorded at their spot market quotation amounts and the installments receivable or payable on a future date are adjusted to present value. Option premiums are accounted for at cost and marked to market.

Share loans and stock short position

Share loans (Entity as a borrower) and stock short position refer to transactions conducted on the stock and mercantile exchange (BM&FBOVESPA) and are valued at the average market sales prices of the underlying, based on inputs disclosed by several professional associations and stock, commodities and futures exchanges, plus commissions, costs, and financial charges incurred through the end of the reporting period, where applicable.

Trading account (payables and receivables)

Consist of transactions conducted on the stock and mercantile exchange on behalf of third parties. Brokerage fees earned on these transactions are classified as revenue, and the cost of services is recognized upon the realization of the transactions.

This account group is subdivided into the following line items:

- Settlement and clearinghouse - represented by the registration of the trades executed on the stock exchange trading for own account or for account of customers;

- Creditors/debtors pending settlement - represented by the outstanding trade receivables arising on fixed-income security, stock, commodity, and financial asset transaction pending settlement at the end of the reporting period.

Client deposit on account of stock exchange transactions and investments

Consist of client deposits on account of stock exchange transactions and investments to be made by the Entity. They are carried at the actual deposit amount, less payments already made on the stock exchange and investments. These amounts are not adjusted for inflation.

c. Fair value measurement

The fair value measurement methodology (probable realizable value) of securities and derivatives is based on the economic scenario and pricing models developed by Management and include capturing average market prices, data disclosed by different professional associations, stock, commodities and futures exchanges, applicable at the end of the reporting period. Therefore, when these items are financially settled, actual results may differ from estimates.

d. Prepaid expenses

Refer to amounts paid hose benefits or services are expected in the future, and are recognized in assets on the accrual basis.

e. Nonoperating revenues

Refers to revenues not related to the Entity’s operating activity. The 2012 and 2013 balances are substantially comprised of expenses on indemnities and premium revenues, both related to the termination of lease contracts.

f. Permanent assets

Property, plant and equipment

Stated at acquisition cost. Depreciation is calculated on a straight-line basis at annual rates that reflect the estimated useful lives of assets.

Deferred charges

Deferred charges incurred on organization and expansion refer basically to leasehold improvements and the purchase of software, and are recorded at purchase or production cost, less amortization, which is calculated on a straight-line basis at rates that take into consideration the useful lives of the intangible assets or the lease terms.

Pursuant to CMN Resolution 3617/08, financial institutions are required to record in deferred charges only the preoperating expenses and the restructuring costs that will effectively contribute to the increase in profits in more that one fiscal year, and that are not result solely in a cost reduction or an increase in operating efficiency. This Resolution also allows balances existing at September 30, 2008 to be maintained until they are effectively written off.

Intangible assets

Consist of software purchased from third parties and are carried at costs, less accumulated amortization. Amortization is calculated on a straight-line basis at annual rates that reflect the estimated useful lives of the assets.

g. Impairment of assets

CPC 01 (R1) - Impairment of Assets requires that entities periodically test for impairment their prepaid expenses, property, plant and equipment, deferred charges, and intangible assets.

Impairment of nonfinancial assets is recognized as a loss when the book value of an asset or a cash-generating unit is higher than its recoverable amount or realizable value. A cash-generating unit is the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. Impairment losses are recorded in the profit or loss for the period in which they were identified, when applicable.

Nonfinancial assets are tested for impairment periodically, at least on an annual basis, to determine if there is any indication that such assets might be impaired.

Accordingly, in the compliance with the relevant standards, Management is not aware of any material adjustment that would be required to reflect the impairment of the amounts recorded as prepaid expenses, property, plant and equipment, deferred charges, and intangible assets at June 30, 2013.

h. Current and long-term liabilities

Carried at known or estimated amounts, plus charges, inflation adjustment and/or exchange rate changes incurred through the end of the reporting periods, when applicable.

i. Contingent assets and contingent liabilities, provisions and legal obligations

The recognition, measurement and disclosure of contingent assets and contingent liabilities and legal obligations are performed in conformity with the criteria set forth by the CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution 3823/09, as described below:

- Contingent assets: are not recorded in the financial statements, except when there is evidence that they will be realized and are not subject to appeals.
- Provision for risks: assessed by the legal counsel and Management taking into consideration the likelihood of loss in administrative or court proceedings that could result in disbursements that can be reliably measured. Provisions are recognized for proceedings classified as probable losses by the legal counsel and disclosed in notes.
- Contingent liabilities: are uncertain and contingent upon future events for the likelihood of cash disbursements; however, they are not accrued but disclosed if classified as possible losses, and are neither accrued nor disclosed if classified as remote losses.
- Legal obligations (tax and social security): refer to lawsuits challenging the legality and constitutionality of certain taxes and contributions. The amount under litigation is quantified, accrued and adjusted on a monthly basis.

j. Income tax and social contribution

The provision for income tax is calculated at the rate of 15% plus a 10% surtax on annual taxable income exceeding R$240. The provision for social contribution is calculated at the rate of 15%.

The Entity recognized deferred taxes on temporary differences at a 25% rate for income tax and a 15% rate for social contribution.

k. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires Management to use judgment in determining and recording accounting estimates. The significant assets and liabilities subject to these estimates and assumptions include the provision for risks and measurement of securities and derivative financial instruments. The settlement of transactions involving these estimates may result in amounts that are different from estimated ones due to the inaccuracy inherent in the calculation process. The Entity periodically reviews these estimates and assumptions.

l. Earnings per share

Earnings per share disclosed in the income statement are calculated based on the number of shares outstanding at the end of the reporting period.

4. CASH AND CASH EQUIVALENT

	06/30/2013	06/30/2012
Cash and cash equivalents	**593**	**1,314**
Bank deposits	593	1,173
Investments deposits	-	141
	593	**1,314**

5. INTERBANK INVESTMENTS

a) Breakdown

	06/30/2013	06/30/2012
Interbank investments	**174,342**	**88,025**
Own portfolio	**174,342**	**88,025**
Financial Treasury Bills	174,342	19,005
National Treasury Notes - Series B	-	69,020
	174,342	**88,025**

As at June 30, 2013, money market interbank investments mature on the first business day of the subsequent and yield an average fixed rate of 7.88% per year.

b) Income on interbank investments

Classified in profit (loss) as income on securities.

	Six-month period ended 06/30/2013	Six-month period ended 06/30/2012
Interbank investments	**6,747**	**5,221**
Own portfolio	6,747	5,221
	6,747	**5,221**

6. SECURITIES

a) Long position

	06/30/2013		06/30/2012	
	Cost	**Fair value**	**Cost**	**Fair value**
Securities	**323,046**	**323,862**	**217,955**	**217,002**
Trading securities	**323,046**	**323,862**	**217,955**	**217,002**
Own portfolio	**142,989**	**142,702**	**118,629**	**119,845**
Fixed-income securities	*40,464*	*40,361*	*93,924*	*95,247*
National Treasury Bills	77	76	268	271
Financial Treasury Bills	28,142	28,329	72,955	74,314
National Treasury Notes - Series B	3,389	3,097	1,764	1,739
National Treasury Notes - Series F	520	523	38	40
Bank Certificates of Deposit	8,182	8,182	17,774	17,774
Real Estate Credit Notes	136	136	1	1
Real Estate Receivable Certificates	-	-	66	5
Debentures	18	18	1,058	1,103
Floating income securities	*285*	*276*	*966*	*859*
Shares	122	112	966	859
Received from loans	163	164	-	-

	06/30/2013		06/30/2012	
	Cost	**Fair value**	**Cost**	**Fair value**
Mutual Fund Units	*102,240*	*102,065*	*23,739*	*23,739*
Reference investment funds	-	-	3,009	3,009
Fixed-income investment funds	-	-	1	1
Multimarket investment funds	101,116	101,116	15,528	15,528
Real Estate Funds	1,058	883	5,134	5,134
Funcine	66	66	67	67
Linked to Guarantees Provided	**180,057**	**181,160**	**99,326**	**97,157**
Fixed-income Securities	*180,005*	*181,107*	*78,384*	*78,567*
Financial Treasury Bills	180,005	181,107	78,384	78,567
Variable-income Securities	*52*	*53*	*20,897*	*18,545*
Shares	52	53	20,897	18,545
Other	-	-	*45*	*45*
Guarantees in cash	-	-	45	45
	323,046	**323,862**	**217,955**	**217,002**
Current assets	323,046	323,862	217,955	217,002
	323,046	**323,862**	**217,955**	**217,002**

Held-for-trading securities and derivatives whose maturities exceed 12 months are classified in current assets, as prescribed by BACEN Circular 3068/01.

The fair values of securities are based on their quotation at the end of the reporting period. When there is no market price quotation, amounts are estimated based on dealers’ quotations or pricing models.

Securities, including derivatives and interbank investments, are under the custody of CBLC, CETIP, SELIC, or BM&FBOVESPA S.A., except for investment fund units, which are recorded by the related administrators.

b) Short position

	06/30/2013		06/30/2012	
	Cost	**Fair value**	**Cost**	**Fair value**
Securities	**240**	**242**	**9,431**	**9,438**
Variable-income Securities	*240*	*242*	*9,431*	*9,438*
Share - short position	25	25	9,131	9,138
Share loans - borrowed position	215	217	300	300
	240	**242**	**9,431**	**9,438**
Current liabilities	240	242	9,431	9,438
	240	**242**	**9,431**	**9,438**

Stock and share loan short position are disclosed in liabilities, in line item ‘Other payables - Trading account’ (note 9a).

Share borrowings refer to transactions with variable-income securities classified in current liabilities, in line item ‘Trading account’. Bonds have been valued at the average quotations disclosed by the BM&FBOVESPA at the end of the reporting period.

c) Income from securities transactions

	Six-month period ended 06/30/2013	Six-month period ended 06/30/2012
Income from securities		
Fixed-income Securities	15,165	23,109
Shares	(897)	(3,107)
Investments Funds	2,187	740
	16,455	**20,742**

7. DERIVATIVE FINANCIAL INSTRUMENTS

The notional amounts of derivative contracts are recorded in memorandum accounts and gains and losses on derivative transactions are recorded in balance sheet accounts, as balancing items to profit or loss.

The fair values of derivatives, consisting of futures, options, and forward transactions are measured using the flowing criteria:

- Futures - based on daily adjustments disclosed by BM&FBOVESPA S.A.

- Forwards - at their spot market quotation amounts and fixed installments receivable or payable on a future date are adjusted to present value using market rates disclosed by BM&FBOVESPA S.A.

- Options - average trading price effective on the calculation day, disclosed by BM&FBOVESPA S.A., or, when this is not available, based on pricing models.

Even though there are gains or losses obtained on derivative financial instruments, the Entity did not disclose these instruments in the balance sheet at June 30, 2013.

	06/30/2012		
	Notional	**Cost**	**Market**
Derivative Financial Instruments			
Foward Transactions			
Asset position	21,220	21,233	21,233
Liabilitie possition	(21,220)	(21,233)	(18,545)
Net Position	**-**	**-**	**2,688**
Current Assets	21,220	21,233	21,233
	21,220	**21,233**	**21,233**
Current Liabilities	21,220	21,233	18,545
	21,220	**21,233**	**18,545**

The net income and expenses for six-month period on derivatives are as follows:

	Six-month period ended 06/30/2013	Six-month period ended 06/30/2012
Derivative Financial Instruments		
Options	(138)	(146)
Futures	133	(267)
Foward Transactions	-	(15)
	(5)	**(428)**

8. INCOME RECEIVABLE

	06/30/2013	06/30/2012
Management and performance fee (*)	3,419	1,635
Custodial fee (*)	1,569	1,228
Comissions and Brokerage Fees (*)	4,148	130
Other Receivables	604	416
	9,740	**3,409**

(*) The receivables refer basically to the service provision and have a 30-day period average realization. There is no concentration in the balances receivable at June 30, 2013 and 2012.

9. OTHER RECEIVABLES AND OTHER PAYABLES

a. Trading account

	06/30/2013		06/30/2012	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Clearinghouse transactions	1,349,345	1,228,226	1,149,272	1,223,626
Payables/receivables for pending settlement	92,936	601,471	234,741	391,913
Comissions and Brokerage Payables	-	291	24	102
Receivables from share loans	-	217	-	300
Others **(*)**	54	25	-	9,138
	1,442,335	**1,830,230**	**1,384,037**	**1,625,079**

(*) The amounts carried as ‘Other’ refer to the short position of variable-income portfolio, already disclosed in note 6b (Securities - short position).

b. Sundry

Assets	**06/30/2013**	**06/30/2012**
Salary advances	939	829
Prepaid expenses	338	1,007
Advances for property, plant and equipment	5	2
Payables for purchased assets	50	110
Associates (Notes 19 and 20)	3,942	-
Escrow deposits	569	121
Other Receivables	1,078	343
Total	**6,921**	**2,412**
Recoverable Taxes **(i)**	11,509	9,236
Deferred Taxes **(ii)**	6,596	4,779
	18,105	**14,015**

Liabilities	**06/30/2013**	**06/30/2012**
Personnel expenses	22,368	23,964
Associates	965	1,190
Collected taxes and similar amounts	8	-
Provisions for contingent liabilities (note 18)	4,194	72
Sundry payables	68	68
Other administrative expenses **(iii)**	10,995	13,042
	38,598	**38,336**

(i) Refer basically to income tax and social contribution liabilities for calendars 2013 and 2012, amounting to R$8,295 and R$7,734, respectively. It also includes income tax withholdings made mostly in this reporting quarter, amounting to R$360 (R$344 at June 30, 2012).

(ii) Refer to deferred income tax and social contribution assets on temporary differences, as referred to in note 13 (income tax and social contribution).

(iii) Refer basically to accrued trade payables in local and foreign currencies totaling R$10,107 (R$8,959 at June 30, 2012) and other administrative expenses amounting to R$888 (R$3,862 at June 30, 2012).

10. OTHER PAYABLES - TAX AND SOCIAL SECURITY

	06/30/2013	06/30/2012
Current income tax and social contribution	7,859	3,805
Deferred income tax and social contribution	3,451	1,712
Taxes and contributions on outside services	331	283
Taxes and contributions on salaries	6,482	1,138
Other (a)	2,561	2,599
	20,684	9,537

(a) Refer basically to service tax (ISS) and taxes on revenue (PIS and COFINS) payable.

11. OTHER ASSETS

On April 1, 2011, the Entity engaged Wolwacz & Ruschel Ltda. (“WR”), an educational company that provides courses on the financial market, to organize educational events related to its business. These events include, but are not limited to, courses, seminars, workshops, and lectures. WR is responsible for designing, promoting, and organizing the event, and for all the related costs.

In addition to these services, WR designs operating strategies for the variable-income market that could be used as tools by all Entity clients in the home broker. WR educational services also include promoting the Entity’s brand and referring it to the participants of the courses it promotes that show interest in conducting transactions in the financial market.

Under the service agreement, the Entity paid R$5,250, an expense that is being amortized over the agreement period, which is 10 years.

As at June 30, 2013 and 2012, prepaid expenses were broken down as follows:

	06/30/2013	06/30/2012
Wolwacz & Ruschel Ltda.	4,200	4,725
Advances to suppliers in foreign currency	-	316
Licenses	1,366	1,297
Other prepaid expenses	322	202
	5,888	**6,540**
Current	2,434	1,815
Non-current	3,454	4,725
	5,888	**6,540**

12. PERMANENT ASSETS

Property, plant and equipment

	Data processing system	Furniture and equipment	Security systems	Vehicles	Facilities	Total
Balance at December 31, 2011	6,266	5,617	88	-	529	12,500
Additions	1,398	471	93		452	2,414
Disposals	(4)			-		(4)
Annual depreciation	(1,126)	(348)	(8)		(55)	(1,537)
Balance at June 30, 2012	6,534	5,739	173	-	927	13,373

	Data processing system	Furniture and equipment	Security systems	Vehicles	Facilities	Total
Balance at December 31, 2012	5,987	5,854	164	32	1,659	13,696
Additions	443	157			499	1,099
Disposals		(22)				(22)
Annual depreciation	(1,138)	(390)	(10)	(4)	(78)	(1,620)
Balance at June 30, 2013	5,292	5,599	154	28	2,080	13,153

Deferred charges and intangible assets

	06/30/2013	06/30/2012
Opening balance	3,057	3,057
Additions	219	939
Disposals	(328)	(1)
Accumulated amortization	(733)	(705)
	2,215	3,290

13. INCOME TAX AND SOCIAL CONTRIBUTION

a. Deferred taxes

In the six-month period ended June 30, 2013, the Entity accrued RR$3,451 (R$1,712 for the six-month period ended June 30, 2012) for deferred income tax and social contribution liabilities on unrealized gains on securities, and R$6,596 (R$4,779 for the six-month period ended June 30, 2012) for deferred income tax and social contribution assets on temporary differences arising from accrued commissions and bonuses. Deferred tax assets/liabilities are accounted for in ‘Deferred tax assets’ and ‘Other tax and social security payables’, respectively.

As required by BACEN Resolution 3059/02, as amended by BACEN Resolution 3355/06, the Entity recognizes its tax assets and liabilities (‘Deferred tax assets’ and ‘Deferred tax liabilities’) arising on temporary differences must meet all the following conditions: (i) the entity has a history of taxable profit or income for income tax and social contribution purposes, recorded at least in three of the past five fiscal years, including the reporting year; and (ii) the entity expects to generate future taxable profits or income for income tax and social contribution purposes in subsequent periods, based on an entity-specific technical study that shows the likelihood of future taxes payable against which the tax credits can be offset within ten years or less.

b. Origin of deferred tax assets and liabilities

Tax Credits	**Balance at 12/31/2012**	**Recognition on semester**	**Realization on semester**	**Balance at 06/30/2013**
Deferred Income Tax and Social Contribution on:				
Accrued agent commissions and bonuses	4,979	3,256	(4,979)	3,256
Market to market on securities	2,941	3,177	(2,941)	3,177
Others	164	164	(164)	164
Total Tax Credits on temporary differences	**8,084**	**6,596**	**(8,084)**	**6,596**

Deferred Taxes Liabilities	**Balance at 12/31/2012**	**Recognition on semester**	**Realization on semester**	**Balance at 06/30/2013**
Deferred Income Tax and Social Contribution on:				
Market to market on securities	3,345	3,448	(3,345)	3,448
Others	2	3	(2)	3
Total Deferred tax liabilities on temporary differences	**3,347**	**3,451**	**(3,347)**	**3,451**
Total deferred tax assets net of deferred tax liabilities	**4,737**	**3,145**	**(4,737)**	**3,145**

c. Expected realization of deferred tax assets

	Temporary differences		
Realization within:	Income tax	Social contribution	Total deferred tax assets
Up to one year	4,122	2,474	6,596
Total	4,122	2,474	6,596

Deferred tax assets total R$6,596 and were calculated based on the expected realization of the temporary differences presented in the table above. These amounts have not been discounted to present value because they will be realized in the short term.

The earnings projections that would allow generating a taxable basis take into consideration macroeconomic assumptions, foreign exchange and interest rates, and the forecast of new financial and other transactions. Actual results may significantly differ from those estimates.

d. Reconciliation of income tax and social contribution

	Six-month period ended 06/30/2013	**Six-month period ended 06/30/2012**
	IR / CSLL	**IR / CSLL**
Income before Income Tax and Social Contribution	23,885	8,118
Current Rate (%)	40%	40%
Expected expenses for income tax and social contribution	(9,554)	(3,247)
Others	104	25
Income Tax and Social Contribution expenses in profit or loss	(9,450)	(3,222)

The deferred income tax and social contribution tax assets and the provision for taxes (liabilities) are recognized on temporary differences and reflect the reconciliation of the effective tax rate for the six-month period.

14. EQUITY

a. Capital

As at June 30, 2013, capital in the amount of R$79,509 is represented by 572,136,951 common shares and 572,120,604 class C preferred shares, without par value.

As at June 30, 2012, capital in the amount of R$49,504 was represented by 388,393,489 common shares and 388,382,393 class C preferred shares, without par value.

b. Capital increase

On January 3, 2012, the Extraordinary Shareholders' Meeting approved a capital increase amounting to R$10,000, through the issuance of 122,083,310 registered shares without par value, consisting of 61,042,527 common shares and 61,040,783 Class C preferred shares.

On April 5, 2012, the Extraordinary Shareholders' Meeting approved a capital increase amounting to R$10,000, through the issuance of 122,083,310 registered shares without par value, consisting of 61,042,527 common shares and 61,040,783 class C preferred shares.

On April 24, 2012, the BACEN approved, under administrative decrees, all the capital increases previously approved at the Entity's Extraordinary Shareholders' Meetings held on December 1, 2010, July 7, 2011, and January 3 and April 5, 2012, totaling R$49,504.

On August 27, 2012, the Extraordinary Shareholders' Meeting approved a capital increase amounting to R$10,002, through the issuance of 128,352,022 registered shares without par value, consisting of 64,176,928 common shares and 64,175,094 class C preferred shares. This capital increase was approved by the BACEN, under administrative decrees, on October 9, 2012.

On December 27, 2012, the Extraordinary Shareholders' Meeting approved a capital increase amounting to R$10,001, through the issuance of 116,343,129 registered shares without par value, consisting of 58,172,396 common shares and 58,170,733 class C preferred shares.

On January 27, 2012, the Extraordinary Shareholders' Meeting approved a capital increase amounting to R$10,002, through the issuance of 122,786,522 registered shares without par value, consisting of 61,394,138 common shares and 61,392,384 class C preferred shares.

c. Legal reserve

Recognized as 5% of profit recorded at the end of each reporting period until it reaches 20% of issued capital, as provided for by the Brazilian Corporate Law.

d. Bylaws reserve

The statutory reserve for investment and expansion is formed by the remaining balance of profit recorded at the end of each reporting period, after all legal allocations, and is intended to ensure resources for investments. This reserve cannot exceed capital.

e. Dividends and interest on capital

Shareholders are entitled to a mandatory minimum dividend equivalent to 25% of profit for the year, after the required allocations.

On July 31, 2012, the Extraordinary Shareholders' Meeting approved the distribution of interim dividends amounting to R$2,800, based on profit for the period ended June 31, 2012.

15. REVENUE FROM SERVICES

	Six-month period ended 06/30/2013	**Six-month period ended 06/30/2012**
Income from investments funds distribution	11,095	5,228
Income from brokerage fees on stock exchange transactions	92,096	87,339
Income from security placement commissions	35,456	16,951
Income from custody services	4,026	3,144
Income from banking fees	484	362
Others	4,785	2,738
	147,942	**115,762**

16. OTHER OPERATING INCOME

	Six-month period ended 06/30/2013	**Six-month period ended 06/30/2012**
Fines received **(*)**	10,316	8,902
Inflation adjustment gains	13	124
Others	516	752
	10,845	**9,778**

(*) Income generated by the 0.3% per day charged on current account negative balances due to the financial settlements of stock exchange transactions originated by clients.

17. OTHER ADMINISTRATIVE EXPENSES

	Six-month period ended 06/30/2013	**Six-month period ended 06/30/2012**
Public utilities (water, power and gas)	(261)	(490)
Rental expenses	(5,046)	(4,253)
Asset maintenance and upkeep cost	(645)	(2,124)
Supplies	(87)	(140)
Promotion and public relations expenses	(477)	(451)
Advertising and publicity expenses	(1,876)	(1,400)
Expenses on publications	(66)	(165)
Insurance expenses	(13)	(165)
Outside services	(873)	(1,280)
Surveillance and security services	(33)	(25)
Transportation expenses	(277)	(238)
Travel expenses abroad	-	(53)
Travel expenses	(1,004)	(1,600)
Depreciation and amortization	(2,353)	(2,209)
Other administrative expenses	(118)	(21)
Total other administrative expenses	**(13,129)**	**(14,614)**
Communication expenses	**(2,952)**	**(1,497)**
Data processing expenses	**(12,601)**	**(14,866)**
Expenses on banking services	**(59,811)**	**(54,455)**
Specialized technical services	**(5,196)**	**(4,615)**

18. EXPENSES ON BANKING SERVICES

	Six-month period ended 06/30/2013	Six-month period ended 06/30/2012
Self-employed investment agents	(55,213)	(48,124)
Fees on processing and custodial services	(3,667)	(2,304)
Other	(931)	(4,017)
	(59,811)	**(54,445)**

19. PROVISIONS AND CONTINGENT LIABILITIES

The Entity is a party to labor, tax, and civil lawsuits. Based on the opinion of its in-house legal counsel, the Entity sets up provisions for lawsuits considered probable losses.

Provision for labor lawsuits

The Entity is a party to several labor lawsuits. As at June 30, 2013, the Entity is providing for six lawsuits classified as probable losses, amounting to R$389 (R$72 at June 30, 2012). There were no lawsuits classified as possible losses at June 30, 2012.

Civil lawsuits

The Entity is a party to several civil lawsuits. As at June 30, 2013, there was no provision for civil lawsuits since they were all classified as remote losses.

Contingent liabilities

The Entity is challenging, at the administrative level, tax assessment notices issued by the City of Rio de Janeiro, totaling R$563 at June 30, 2013 without inflation adjustment, related to the ISS (municipal service tax) on brokerage revenue for the period January 1998-December 2003.

The contingent liabilities are uncertain and depend on future events to determine the probable outflow of funds; therefore, it is not provided for, based on the opinion of the Entity's legal counsel, which classified the likelihood of a favorable outcome is these proceedings as probable.

Its six-month period the Entity recognized a provision of R$3,805 related to the tax assessment notice issued on January 28, 2011 for the alleged nonpayment of income tax and social contribution on the appreciation of the stock exchange's securities until the demutualization date. This provision was recognized since this tax assessment notice is a probable loss in light of recent court decisions on the matter. Since this contingency is fully guaranteed by a deposit made by the former controlling shareholder of the Entity in XP Controle S.A., an amount receivable from related parties was recognized in the full amount of this contingency (notes 8 and 20).

20. RELATED-PARTY TRANSACTIONS

i. Business and contractual transactions with related parties

In the normal course of its business, the XP Group companies conduct business and financial transactions with the Entity. These transactions include: (i) provision of educational, consulting, and business advisory services; (ii) financial consulting and advisory in general; (iii) fund management and the provision of portfolio management services; (iv) provision of information technology and data processing services; and (v) provision of insurance services.

In the six-month periods ended June 30, 2013 and 2012, the Entity conducted the following related-party transactions:

	Six-month period ended 06/30/2013		Six-month period ended 06/30/2012	
	Assets (Liabilities)	**Revenues (Expenses)**	**Assets (Liabilities)**	**Revenues (Expenses)**
XP Educação Assessoria Empresarial e Participações Ltda.				
Receivables	17	-	22	-
Suppliers	(47)	-	(53)	-
Technical advisory expenses	-	(568)	-	(949)
Tecfinance Informática e Projetos de Sistemas Ltda.				
Receivables	21	-	(1,136)	-
Suppliers	(915)	-	-	-
Systems development and maintenance expenses	-	(5,443)	-	(6,776)
Infostocks Informações e Sistemas Ltda.				
Receivables	39	-	-	-
Advertising placement expense	-	(1,228)	-	(1,150)
XP Controle Participações S.A.(Note 9 and 19)	3,805	-	-	-
XP Gestão de Recursos Ltda.				
Receivables	33	-	14	-
Suppliers	(2)	-	-	-
XP Corretora de Seguros Ltda.	26	-	1	-
	2,977	**(7,239)**	**(1,152)**	**(8,875)**

a. XP Educação is an Entty contractor to provide services consisting of organizing educational events related to financial market subjects;
b. Tecfinance is the vendor of the licenses to two electronic routing systems to conduct trades in the Futures and Commodities Exchange (BVM&F).
c. Infostocks provides advertising services on the Infomoney portal.
d. These receivables result from the cost sharing agreement for rental, common area maintenance, electricity, and telephone expenses transferred by the Entity to the other companies on a monthly basis, as provided for by an intragroup cost sharing agreement.

The transactions between related parties are conducted under usual market prices, terms conditions, prevailing on the transaction dates.

ii. Management compensation

	Six-month period ended 06/30/2013	Six-month period ended 06/30/2012
	Revenues (Expenses)	**Revenues (Expenses)**
Compensation of key management personnel		
Management fees	(80)	(213)
	(80)	**(213)**

21. PROFIT SHARING PROGRAM

The Entity has a profit sharing program for its employees. This program is not extended to Management. Profit sharing bonuses are paid in June and December. In the six-month period ended June 30, 2013, profit sharing bonuses paid totaled R$23,085 (R$20,189 for the six-month period ended June 30, 2012).

22. XP GROUP PARTNERSHIP

XP Controle Participações S.A. (“XP Controle”), the holding company of the XP Group financial and nonfinancial companies, has a partnership program under which certain executives and strategic partners of the Broker and the other group companies can acquire nonvoting preferred shares.

Currently, 141 shareholders hold all the shares of XP Controle, namely, 106 executives and 35 strategic partners, and the 10 main executives of the XP Group hold approximately 69% of total share capital.

The XP Controle preferred shares can be acquired and paid in cash or in installments. In case of shares acquired in installments, usually settled over a three-year period, installments are adjusted on a daily pro rata basis according to the interbank deposit rate (CDI) fluctuation.

The purchase price of the partnership program preferred shares is set based on their carrying amount, plus a predefined multiple of XP Controle's EBITDA.

All XP Group partners have cross-shareholdings, under which XP Controle has the right to require them to dispose, at any time, all or part of their stakes in XP Controle, based on the same valuation rule used on the acquisition of equity interest by the partner.

The partnership program shares are entitled to dividends, interest on capital, and any other compensation to which XP Controle shareholders are entitled. However, while the share purchase price is not fully paid, all compensation arising on the shares held are used to amortize the partner's outstanding balance.

The XP Controle shares virtually have no liquidity because they are not trades in a stock exchange and entail several restrictions to sale or encumbrances, such as preemptive right, drag along, and obligation of not to trade.

Based on the trading history of the partnership program shares and the sale or encumbering restrictions, as well as the lack of liquidity, Management believes that the transaction prices charged approximate the shares' fair values.

The fair value of the 10,957,158 partnership program shares traded in the period totals R$31,962, based on the valuation carried out on June 19, 2013.

23. OPERATING LIMITS (BASEL ACCORD)

Financial institutions are required to maintain equity compatible with the risk structure of their assets weighted by risk factors ranging set forth by BACEN Resolution 2099/94 and supplementary legislation. The main limits are as follows:

	Six-month period ended 06/30/2013		
	Requirement	Status	Margin/ (deficiency)
Total Basel limit (b)	64,176	106,712	42,536
Capitalization (a)	53,356	14,439	38,917
Minimum realized capital (b)	1,500	79,509	78,009

(a) The requirement refers to the allowed ceiling.
(b) The requirement refers to the required threshold.

* * *

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