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

Financial Statements for the Year Ended December 31, 2013 and Independent Auditor's Report

Deloitte Touche Tohmatsu Auditores Independentes

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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 Investimento de Câmbio, Títulos e Valores Mobiliários S.A. ("Company"), which comprise the balance sheet as at December 31, 2013 and the income statement, statement of changes in equity and statement of cash flows for the six month and the year ended December 31, 2013, and a summary of significant accounting policies and other explanatory note.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil applicable to entities authorized to operate by 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 risk of material misstatement 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 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 financial statements present fairly, in all material respects, the financial position of XP Investimentos Corretora Câmbio, Títulos e Valores Mobiliários S.A. as at December 31, 2013, and its financial performance and its cash flows for the six month period and the year then ended, in accordance with accounting practices adopted in Brazil applicable to entities authorized to operate by Central Bank of Brazil (BACEN).

Rio de Janeiro, February 18th, 2014

Deloitte Touche Tohmatsu

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

BALANCE SHEET AS OF DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Note	2013	2012
ASSETS			
CURRENT ASSETS		1,487,725	1,436,168
Cash and cash equivalent:	4	621	3,612
Interbank investments	5		
Money market investment		151,168	179,060
Securities and financial Derivative instruments		491,285	288,147
Own portfolio	6	277,217	137,507
Derivatives	7	14	-
Subject to the Central Bank	6	-	10,043
Linked to guarantees provided	6	214,054	140,597
Other receivables:		841,175	961,930
Income receivable	8	6,540	6,600
Trading account	9	783,879	942,963
Tax credits	13	27,096	8,084
Sundry	9	23,660	4,283
Other assets:	11		
Prepaid expenses		3,476	3,419
LONG-TERM ASSETS		95,931	3,938
Other credits:			
Tax credits	13	92,080	-
Other assets:	11		
Prepaid expenses		3,851	3,938
PERMANENT ASSETS	12		
		18,395	16,754
Property, plant and equipment		14,472	13,697
Deferred charges		575	1,469
Intangible assets		3,348	1,588
		1,602,051	1,456,860

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

BALANCE SHEET AS OF DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Note	2013	2012
LIABILITIES			
CURRENT LIABILITIES		1,214,212	1,373,654
Other payables:		1,214,212	1,373,654
Tax and social security	10	4,168	8,591
Collected taxes and similar amounts		8	8
Trading account	9	1,165,235	1,326,127
Derivatives	7	2	-
Social and statutory	14	6,559	-
Sundry	9	38,240	38,928
EQUITY	14	387,839	83,206
Capital:		232,834	69,507
Residents in Brazil		79,509	59,506
Capital increase		153,325	10,001
Capital reserves		120,247	-
Earnings reserves		34,758	13,699
		1,602,051	1,456,860

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

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

INCOME STATEMENTS FOR THE SIX MONTH-PERIOD ENDED
DECEMBER 31, 2013 AND YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian reais - R$, except earning per share)

	Note	Six-month period ended 12/31/2013	Years Ended December 31, 2013	2012
Revenue from financial intermediation		37,897	61,099	47,717
Securities transactions	5 e 6	37,897	61,099	47,391
Gains (losses) on derivatives		-	-	326
Expenses on financial intermediation		(143)	(165)	(39)
Funding operations		(26)	(42)	(39)
Income (loss) on derivatives	7	(117)	(123)	-
Gross profit from financial intermediation		37,754	60,934	47,678
Other operating income (expenses)		(535)	23,066	6,050
Service revenue	16	112,597	260,539	251,954
Banking expenses	19	(48,830)	(108,641)	(113,070)
Expenses on specialized technical service		(3,089)	(8,285)	(9,128)
Personnel expenses		(23,309)	(45,949)	(43,810)
Data processing expenses		(12,612)	(25,213)	(27,794)
Communication expenses		(2,540)	(5,492)	(4,326)
Tax expenses		(11,735)	(26,928)	(26,564)
Other administrative expenses	18	(14,320)	(27,451)	(34,592)
Other operating income	17	7,284	18,129	17,908
Other operating expenses		(3,981)	(7,643)	(4,528)
Operating income		37,219	84,000	53,728
Nonoperating income		69	258	(2,403)
Income before taxes on income and profit sharing		37,288	84,258	51,325
Income tax and social contribution	14	(7,850)	(17,301)	(5,319)
Provision for income tax		31	(4,896)	(6,719)
Provision for social contribution		(224)	(3,260)	(4,149)
Deferred tax assets		(7,657)	(9,145)	5,549
Profit sharing	22	(16,254)	(39,339)	(38,260)
Profit for the six-month period/year		13,184	27,618	7,746
Number of shares	14	2,575,716,391	2,575,716,391	1,021,471,033
Earnings per share - R$		0.00435	0.01188	0.00758

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

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

STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTH-PERIOD
ENDED DECEMBER 31, 2013 AND YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Share capital	Capital increase	Capital reserves	Earnings reserves: Legal reserve	Earnings reserves: Statutory reserve	Retained earnings	Total
BALANCE AT JANUARY 1, 2012	4,750	24,754	-	1,434	7,319	-	38,257
Capital increase	54,756	(14,753)	-	-	-	-	40,003
Mark-to-market - securities	-	-	-	-	-	7,746	7,746
Allocation of profit:							
Dividends (Note 14)	-	-	-			(2,800)	(2,800)
Recognition of reserves (Note 14)	-	-	-	387	4,559	(4,946)	-
BALANCE AT DECEMBER 31, 2012	59,506	10,001	-	1,821	11,878	-	83,206
Changes in the year	-	(14,753)	-	387	4,559	-	(9,807)
Capital increase	20,003	(10,001)	-	-	-	-	10,002
Capital increase due to downstream merger of Parent (Note 15)	-	153,325	-	-	-	-	153,325
Recognition of reserve on downstrean merger (Note 15)	-	-	120,247	-	-	-	120,247
Profit for the year	-	-	-	-	-	27,618	27,618
Allocation of profit:							
Dividends (Note 14)	-	-	-	-	-	(6,559)	(6,559)
Recognition of reserves (Note 14)	-	-		1,380	19,679	(21,059)	-
BALANCE AT DECEMBER 31, 2013	79,509	153,325	120,247	3,201	31,557	-	387,839
Changes in the year	20,003	143,324	120,247	1,380	19,679	-	304,633
BALANCE AT JULY 1, 2013	79,509	-	-	2,542	25,591	-	107,642
Capital increase due to downstream merger of Parent (Note 15)	-	153,325	-	-	-	-	153,325
Recognition of reserve on downstrean merger (Note 15)	-	-	120,247	-	-	-	120,247
Reversal of profit allocation for the first half	-	-	-	(721)	(13,713)	-	(14,434)
Profit for the six-month period	-	-	-	-	-	13,184	13,184
Allocation of profit:							
Dividends (Note 14)	-	-	-	-	-	(6,559)	(6,559)
Recognition of reserves (Note 14)	-	-	-	1,380	19,679	(6,625)	14,434
BALANCE AT DECEMBER 31, 2013	79,509	153,325	120,247	3,201	31,557	-	387,839
Changes in the six-month period	-	153,325	120,247	659	5,966	-	280,197

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

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

STATEMENT OF CASH FLOWS FOR THE SIX MONTH-PERIOD ENDED
DECEMBER 31, 2013 AND YEARS ENDED DECEMBER 31, 2013 AND 2012
(In thousands of Brazilian reais - R$)

	Six-month period ended	Years Ended December 31,	
	12/31/2013	2013	2012
Cash flows from operating activities			
Profit for the six-month period/year	13,184	27,618	7,746
Adjustments to profit:			
Depreciation and amortization	2,405	4,758	4,637
Provision for current income taxes and deferred	7,850	17,300	5,319
Participation in statutory profit	16,254	39,339	38,260
	26,509	61,397	55,962
Income tax and social contribution paid	(7,129)	(15,228)	(5,577)
Statutory profit sharing paid	(23,085)	(41,156)	(35,518)
Change in operating assets and liabilities:	(4,840)	(40,046)	(43,167)
Interbank investments	23,174	27,892	(137,923)
Securities and derivative financial instruments	(15,679)	(51,394)	(76,919)
Income receivable	3,201	61	(4,029)
Negotiation and intermediation of securities	(6,539)	(1,810)	168,293
Other assets	(1,480)	(14,158)	(5,483)
Tax and social security	(13,658)	(1,669)	5,444
Collected taxes and similar amounts	8	-	1
Other	6,133	1,032	7,449
Net cash generated by (used in) operating activities	4,639	(7,415)	(28,300)
Cash flows from investing activities			
Purchase of property, plant and equipment	(3,073)	(4,172)	(4,581)
Sale of property, plant and equipment	64	86	272
Sale of intangible assets	-	328	380
Purchase of intangible assets	(2,423)	(2,640)	(1,619)
Net cash used in investing activities	(5,432)	(6,398)	(5,548)
Cash flows from financing activities			
Capital increase	-	10,001	40,003
Capital increase - merger	821	821	-
Dividends paid	-	-	(3,300)
Net cash generated by (used in) financing activities	821	10,822	36,703
Increase/(decrease) in cash and cash equivalents	28	(2,991)	2,855
Cash and cash equivalents at the beginning of the six-month period/year	593	3,612	757
Cash and cash equivalents at the end of the six-month period/year	621	621	3,612

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 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’s parent is XP Controle Participações S.A., which indirectly holds 58.7595 % of 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, 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 Flow (CPC 03).
- CMN Resolution 3750/09 - Related-Party Disclosures (CPC 05).
- CMN Resolution 3823/09 - Provisions, Contingent Assets and Contingent Liabilities (CPC25).
- 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 February 5, 2014.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Revenue and expense recognition

Revenues and expenses are recognized on the accrual basis

b) Current and long-term 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 carried out on stock exchanges for own account or for account of customers;

- Creditors/debtors pending settlement - represented by the outstanding trade receivables arising on transactions with fixed-income securities, stock, commodities, and financial assets pending settlement at the balance sheet date.

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) Non operating revenues

Refer to results unrelated to the operating activities of the company like alienation of fixed and intangible assets. The balances recorded in the year ended December 31, 2012 consist substantially of expenses adherence to lease agreements.

f) Permanent assets

Property, plant and equipment

Carried at purchase 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 recorded in deferred charges only the preoperating expenses and the restructuring costs that will effectively contribute to the increase in profits in more than 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 inflows that are largely independent of the cash inflows 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 at least annually 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 December 31, 2013 and 2012.

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 contingencies: 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) Use of estimates

The preparation of financial statements in conformity with accounting practices adopted in Brazil requires Management to use judgment in making and recording accounting estimates. The significant assets and liabilities subject to these estimates and assumptions include the provision for contingent liabilities and the valuation allowance of securities and derivatives. 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 EQUIVALENTS

	2013	2012
Cash and cash equivalents	621	3,612
Bank deposits	621	3,612
	621	3,612

5. INTERBANK INVESTMENTS

	2013	2012
a) Money-market investments	151,168	179,060
Own portfolio	151,168	179,060
National Treasury Bills	131,155	179,060
National Treasury Notes - B series	20,013	-
	151,168	179,060

As at December 31, 2013, money market interbank investments mature on the first business day of the subsequent and yield an average fixed rate of 9.9% per year.

Revenue from interbank investments

Classified in profit or loss as gain (loss) on securities.

	Second half of 2013	2013	2012
Income from repurchase agreements	7,056	13,803	12,087
Own portfolio	7,056	13,803	12,087
	7,056	13,803	12,087

6. SECURITIES

a) Long position

	2013		2012	
	Cost	Market	Cost	Market
Securities	490,588	491,285	286,997	288,147
Trading securities	490,588	491,285	286,997	288,147
Own portfolio	277,450	277,217	136,988	137,507
Fixed-income securities	19,236	19,146	94,007	94,379
National Treasury Bills	1,083	1,082	211	212
Treasury Financial Bills	15,579	15,581	72,356	72,813
National Treasury Notes - B series	1,000	934	19,337	19,247
National Treasury Notes - F series	677	652	34	38
Bank Certificates of Deposit	897	897	1,758	1,758
Real estate receivables certificates	-	-	191	191
Debentures	-	-	120	120
Variable-income securities	213	213	1,186	1,184
Shares of publicly held companies	72	75	866	866
Received from loans	141	138	320	318
Mutual fund units	258,001	257,858	41,795	41,944
Balanced Funds	256,935	256,935	40,727	40,727
Real Estate Funds	1,000	857	1,000	1,149
Funcine	66	66	68	68
Linked to the Central Bank	-	-	9,936	10,043
Treasury Financial Bills	-	-	9,936	10,043
Derivatives	14	14	-	-
Shares	14	14	-	-

	2013		2012	
	Cost	Market	Cost	Market
Linked to guarantees provided	213,124	214,054	140,073	140,597
Fixed-income securities	213,124	214,054	140,011	140,535
Treasury Financial Bills	213,124	214,054	127,356	127,954
National Treasury Notes - B series	-	-	12,655	12,581
Other	-	-	62	62
Guarantees in cash	-	-	62	62
	490,588	491,285	286,997	288,147

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

	2013		2012	
	Cost	Market	Cost	Market
Securities	152	149	396	399
Variable-income securities	152	149	396	399
Shares of publicly held companies - short position	11	11	76	81
Share loans (Entity as borrower)	141	138	320	318
	152	149	396	399
Current liabilities	152	149	396	399
Long-term liabilities	-	-	-	-
	152	149	396	399

Stock and share loans short position are stated in liabilities, in line item 'Other payables – Trading account' (note 9.a).

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

c) Gains (losses) on securities

	Second half of 2013	2013	2012
Income from securities			
Fixed-income securities	16,725	31,890	36,982
Shares of publicly held companies	(464)	(1,361)	(3,916)
Financial investment funds	14,580	16,767	2,238
	30,841	47,296	35,304

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 adjustments allocated/paid on a daily basis.
- **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 or, when this is not available, based on pricing models.

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

	Second half of 2013	2013	2012
Derivative financial instruments			
Options	(97)	(236)	(42)
Futures	(20)	113	(596)
Forward transaction	-	-	964
	(117)	(123)	326

As at December 31, 2013, derivative transactions consisted of forward sales transactions, recorded in assets, amounting to R$12, and forwards purchase transactions, recorded in assets and liabilities, amounting to R$2. Both positions refer to transactions arising from an operational error and settled in the subsequent month.

The Entity did not record a financial position of these instruments as at December 31, 2012.

8. INCOME RECEIVABLE

	2013	2012
Management and performance fee (*)	2,711	4,486
Custody fee (*)	1,998	1,142
Commissions receivable (*)	1,608	530
Other receivables	223	442
	6,540	6,600

(*) Receivables refer mainly to the provision of services and have an average collection period of 30 days. Commissions receivable are comprised of amounts receivable arising from services provided relating to public and private distributions.

9. OTHER RECEIVABLES AND OTHER PAYABLES

a) Trading account

	2013		2012	
	Assets	Liabilities	Assets	Liabilities
Clearinghouse transactions	631,001	708,220	765,723	872,633
Payables/receivables for pending settlement	152,878	456,207	177,220	453,089
Commissions and brokerage fees payable	-	659	-	6
Receivables from share loans	-	138	-	318
Other (*)	-	11	20	81
	783,879	1,165,235	942,963	1,326,127

(*) As at December 31, 2013 and 2012, the amounts carried as ‘Other’ refer to the variable-income portfolio short position, already disclosed in note 6b (Securities - short position).

b) Sundry

	2013	2012
ASSETS		
Salary advances	67	76
Prepaid expenses	907	309
Advances for acquisition of capital goods	510	14
Payables for purchase of assets	38	80
Escrow deposits	1,063	375
Associates (Note 20 e 21)	4,099	88
Other receivables	5,755	356
Recoverable taxes (i)	11,221	2,985
Total	23,660	4,283

	2013	2012
LIABILITIES		
Personnel expenses payable	20,052	22,425
Associates	1,188	885
Provision for contingent liabilities (note 20)	4,762	389
Sundry payables	2	69
Other administrative expenses (ii)	12,236	15,160
	38,240	38,928

(i) Refer basically to the balance of prepaid income tax and social contribution relating to calendar year 2013 and 2012 in the amounts of R$6,393 and R$3,935, respectively (as at December 31, 2012, refer to the balance of income tax and social contribution for 2012 and 2011, in the amounts of R$1,391 and R$1,069, respectively). There was also an overpayment of Withholding Income Tax (IRRF) in the quarter under analysis, amounting to R$450 (R$349 as at December 31, 2012).

(ii) Refer basically to accrued trade payables in local and foreign currencies totaling R$4,546 (R$2,051 as at December 31, 2012) and payables to investment contractors and client agents totaling R$6,183 (R$11,420 as at December 31, 2012).

10. OTHER PAYABLES - TAX AND SOCIAL SECURITY

	2013	2012
Deferred income tax and social contribution	374	3,347
Taxes and contributions on outside services	340	392
Taxes and contributions on salaries	1,476	1,294
Other (a)	1,978	3,558
	4,168	8,591
Current	4,168	8,591
	4,168	8,591

(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 is provides courses related to 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 shall be responsible for designing, promoting, and organizing each event, as well as incurring 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 December 31, 2013 and 2012, prepaid expenses were broken down as follows:

	2013	2012
Wolwacz & Ruschel Ltda.	3,937	4,463
Use licenses	3,099	2,812
Other prepaid expenses	291	82
	7,327	7,357
Current	3,476	3,419
Long-term assets	3,851	3,938
	7,327	7,357

12. PERMANENT ASSETS

Property, plant and equipment

	Data processing system	Furniture and equipment	Security systems	Vehicles	Facilities	Total
Balance as at December 31, 2011	6,266	5,617	88	-	530	12,501
Additions	2,021	1,181	93	33	1.253	4,581
Disposals	(49)	(223)	-	-	-	(272)
Annual depreciation	(2,251)	(721)	(17)	(1)	(123)	(3,113)
Balance as at December 31, 2012	5,987	5,854	164	32	1,660	13,697
Balance as at December 31, 2012	5,987	5,854	164	32	1,660	13,697
Additions	2,225	722	535	-	689	4,171
Disposals	(33)	(53)	-	-	-	(86)
Annual depreciation	(2,259)	(803)	(35)	(7)	(206)	(3,310)
Balance as at December 31, 2013	5,920	5,720	664	25	2,143	14,472
Useful life (in years)	5	10	5	5	10	
Annual depreciation rate	20%	10%	20%	20%	10%	

Depreciation is calculated on a straight-line basis at annual rates that reflect the estimated useful lives of assets, as described above.

Deferred charges and intangible assets

	2013	2012
Opening balance	3,057	3,344
Additions	2,642	1,639
Write-offs	(328)	(311)
Accumulated amortization	(1,448)	(1,615)
Closing balance	3,923	3,057

13. INCOME TAX AND SOCIAL CONTRIBUTION

a) Deferred taxes

In the year ended December 31, 2013, the Entity accrued R$374 (R$3,374 for the year ended December 31, 2012) for deferred income tax and social contribution liabilities on unrealized gains on securities, and R$2,853 (R$8,804 for the year ended December 31, 2012) for deferred income tax and social contribution assets on temporary differences arising from accrued commissions and bonuses. A tax credit arising from goodwill on merger (Note 15) was also recognized in the amount of R$120,237. 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 recognition of 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 12/31/2011	Recognition in the year	Realization in the year	Balance at 12/31/2012
Deferred income tax and social contribution on :				
Accrued agent commissions and bonuses	2,535	4,979	(2,535)	4,979
Mark-to-market of securities and derivative financial instruments	-	2,941	-	2,941
Other		164	-	164
Total tax credits on temporary differences	2,535	8,084	(2,535)	8,084
Deferred tax liabilities				
Deferred income tax and social contribution on:				
Mark-to-market of securities and derivative financial instruments	52	3,347	(52)	3,347
Total deferred tax liabilities on temporary differences	52	3,347	(52)	3,347
Total deferred tax assets net of deferred tax liabilities	2,483	4,737	(2,483)	4,737

Tax credits	Balance at 12/31/2012	Recognition in the year	Realization in the year	Balance at 12/31/2013
Deferred income tax and social contribution on :				
Accrued agent commissions and bonuses	4,979	2,853	(4,979)	2,853
Mark-to-market of securities and derivative financial instruments	2,941	94	(2,941)	94
Tax credit arising from goodwill on acquisition of investments (Note 15)	-	120,237	(4,008)	116,229
Other	164	-	(164)	-
Total tax credits on temporary differences	8,084	123,184	(12,092)	119,176
Deferred tax liabilities				
Deferred income tax and social contribution on:				
Mark-to-market of securities and derivative financial instruments	3,345	374	(3,345)	374
Other	2	-	(2)	-
Total deferred tax liabilities on temporary differences	3,347	374	(3,347)	374
Total deferred tax assets net of deferred tax liabilities	4,737	122,810	(8,745)	118,802

c) Expected realization of deferred tax assets

Realization within:	Temporary differences		Total deferred tax assets
	Income tax	Social contribution	
Up to one year	16,935	10,161	27,096
from 1 to 2 year	15,093	9,056	24,149
from 2 to 3 year	15,093	9,056	24,149
from 3 to 4 year	15,093	9,056	24,149
from 4 to 5year	12,270	7,363	19,633
Total	74,484	44,692	119,176

Deferred tax assets total R$ 119,176 and were calculated based on the expected realization of the temporary differences presented in the table above. Te present value of tax credits as at December 31, 2013 is R$107,280.

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 could differ from those estimates.

d) Reconciliation of income tax and social contribution

	Second half of 2013	2013	2012
Income before taxes on income	37,288	84,258	51,325
Statutory rate (40%)	(14,915)	(33,703)	(20,530)
Tax effect on employee profit sharing	6,502	15,736	15,304
Other	563	666	(93)
Income tax and social contribution expenses in profit or loss	(7,850)	(17,301)	(5,319)

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/year.

14. EQUITY

a) Issued capital

As of December 31, 2012, capital in the amount of R$59,506 is represented by 510,742,813 common shares and 510,728,220 Class C preferred shares, without par value.

As of December 31, 2013, capital in the amount of R$79,509 is represented by 1,287,876,594 common shares and 1,287,839,797 Class C preferred shares, without par value.

b) Capital increase

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 31, 2013, 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.

On November 1, 2013, the Extraordinary Shareholders' Meeting (AGE) approved the merger agreement of the Appraisal Report for purposes of appraisal of the total equity of XP Holding Financeira S.A., the Entity's wholly-owned parent, and subsequent downstream merger (Note 15) into the Entity. As a result of the downstream merger of the net assets relating to cash and short-term investments, net of liabilities recorded in XP Holding Financeira S.A., the Entity's capital, once the transaction is approved by BACEN, will be increased by R$153,325, through the issuance of 1,431,458,836 registered shares without par value, of which 715,739,643 are common and 715,719,193 are Class C preferred shares.

c) Capital reserve

As a result of the downstream merger (Note 15), the Entity's equity was increased, charged against capital reserve, in the amount of R$120,247, corresponding to the economic benefit arising from the probable future decrease of taxes and surplus of the cash previously recorded in XP Holding Financeira S.A. in capital reserve.

d) 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.

e) Statutory reserve

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

f) 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.

Mandatory minimum dividends were calculated and accrued as follows:

	2013	2012
Profit for the year	27,618	7,746
(-) Legal reserve (5%)	(1,381)	(387)
Calculation basis of minimum mandatory dividends	26,237	7,359
Mandatory minimum dividends (25%)	6,559	1,840
Dividends paid in the period	-	(2,800)
Proposed dividend - mandatory minimum (25%)	6,559	-

15. DOWNSTREAM MERGER

On November 1, 2013, the Extraordinary Shareholders' Meeting (ESM) approved the downstream merger at the carrying amount of XP Holding Financeira (“XPHF”) into the Entity, upon merger of the net assets of XPHF based on the trial balance as at November 1, 2013, as shown below:

ASSETS	Balance as at 11/01/2013	LIABILITIES	Balance as at 11/01/2013
Current	155,543	Current	2,208
Cash and cash equivalents	821	Other payables	2,208
Securities	151,742	Taxes and social security contributions	2,110
Other receivables	2,980	Sundry	98
Recoverable taxes	2,972		
Other	8		
		EQUITY	396,134
LONG-TERM ASSETS	120,237	Capital	239,582
Deferred tax credits	120,237	Domiciled in Brazil	239,582
		Capital reserve	120,247
PERMANENT ASSETS	122,562	Earnings reserves	6,330
Investments	122,562	Accumulated losses	29,975
Equity in subsidiary	122,562		
TOTAL ASSETS	398,342	TOTAL LIABILITIES	398,342

The effects of the downstream merger on the Entity were:

a) Capital increase in the amount of R$153,325, corresponding to its Parent’s net cash, net of liabilities as at that date;

b) Accounting for capital reserve in the amount of R$120,247, corresponding to the merged capital reserve of its parent XP Holding Financeira S.A., deriving from a potential future economic/tax benefit due to the appropriation of the goodwill paid on the inclusion of new investors in the Entity’s controlling group. The potential economic/tax benefit arising from the goodwill paid on the transaction was attributable to future earnings and customer portfolio and recorded in prior mergers pursuant to “ICPC 09 (R1) - Individual Financial Statements, Separate Financial Statements, Consolidated Financial Statements and Adoption of Equity Method” and CVM Instructions 319/99 and 349/01”. Accordingly, equity was reduced through the fully accrual of the aforementioned goodwill paid on the transaction and the potential economic/tax benefit was recorded in deferred tax assets as a balancing item to profit or loss and accounted for in equity as capital reserve.

16. REVENUE FOR SERVICES

	Second half of 2013	2013	2012
Income from investment fund unit distributions	11,038	22,133	15,327
Income from brokerage fees on stock exchange transactions	81,413	173,509	170,209
Income from security placement commissions	11,543	46,999	53,889
Income from custody services	4,266	8,292	6,231
Income from banking fees	514	998	362
Other	3,823	8,608	5,936
	112,597	260,539	251,954

17. OTHER OPERATING INCOME

	Second half of 2013	2013	2012
Fines received (a)	5,671	15,987	16,549
Inflation gains	10	23	215
Recovery of charges and expenses	1,594	1,594	-
Other	9	525	1,144
	7,284	18,129	17,908

a) 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;

b) Refers mainly to the reversal of the Entity's prior-period social security contributions.

18. OTHER ADMINISTRATIVE EXPENSES

	Second half of 2013	2013	2012
Public utilities (water, power and gas)	(209)	(470)	(901)
Rental expenses	(4,986)	(10,032)	(10,267)
Asset maintenance and upkeep cost	(585)	(1,230)	(4,694)
Supplies	(84)	(171)	(251)
Promotion and public relations expenses	(671)	(1,148)	(1,128)
Advertising and publicity expenses	(2,198)	(4,074)	(3,676)
Expenses on publications	(18)	(84)	(218)
Insurance	(13)	(26)	(36)
Outside services	(1,439)	(2,312)	(4,754)
Surveillance and security services	(33)	(66)	(77)
Transportation expenses	(319)	(596)	(513)
Foreign travel expenses	(20)	(20)	(56)
Domestic travel expenses	(1,195)	(2,199)	(3,040)
Depreciation and amortization	(2,405)	(4,758)	(4,637)
Other administrative expenses	(145)	(265)	(344)
Total other administrative expenses	(14,320)	(27,451)	(34,592)

19. EXPENSES ON BANKING SERVICES

	Second half of 2013	2013	2012
Independent investment agents	(43,253)	(98,466)	(99,465)
Processing and custody service fees	(3,430)	(7,097)	(5,685)
Other	(2,147)	(3,078)	(7,920)
Total	(48,830)	(108,641)	(113,070)

20. 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 December 31, 2013, the Entity is providing for fifteen lawsuit classified as probable losses, amounting to R$951 (R$389 at December 31, 2012). The lawsuits classified as possible losses total R$737 (R$110 at December 31, 2012). Changes are as follows:

	Second half of 2013	2013	2012
Balance at beginning of year/ semester	389	389	70
Recognition	615	615	335
Reversal	(46)	(46)	(16)
Payments	(7)	(7)	-
Balance at ending of year	951	951	389

Civil lawsuits

The Entity is a party to several civil lawsuits. As at December 31, 2012, there was no provision for civil lawsuits since the likelihood of loss was assessed as remote. As at December 31, 2013, provisions for risks were recognized for two lawsuits assessed as probable losses, amounting to R$5. There were also 15 lawsuits assessed as possible losses amounting to R$259.

Contingent liabilities

The Entity is challenging, at the administrative level, tax assessment notices issued by the City of Rio de Janeiro, totaling R$194 at December 31, 2013 without inflation adjustment, related to the ISS (municipal service tax) on brokerage revenue.

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.

In the second half of 2013, the Entity decided to settle two of the lawsuits it was challenging, at the administrative level, relating to the tax assessment notice of the City of Rio de Janeiro concerning the collection of ISS on brokerage revenue from January 1999 to December 2003.

These lawsuits amount to R$251 thousand and are secured by the Entity's former controlling shareholder.

It the first half of 2013, the Entity recognized a provision of R$3,805 related to the tax assessment notice issued on January 28, 2011, arising from the nonpayment of corporate 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 assessed as a probable loss in light of recent court decisions on the matter. Since this contingency is fully guaranteed by a deposit made by the Entity's former controlling shareholder of in XP Controle S.A., an amount receivable from related parties was recognized in the full amount of this contingency (Note 9 b and 21).

21. 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 years ended December 31, 2013 and 2012, the Entity conducted the following related-party transactions:

	Second half of 2013		2013		2012	
	Assets (liabilities)	Revenue (expenses)	Assets (liabilities)	Revenue (expenses)	Assets (liabilities)	Revenue (expenses)
XP Educação Assessoria Empresarial e Participações Ltda.						
Accounts receivables	44	-	44	-	-	-
Trade receivables/payables	-	-	-	-	(23)	-
Technical advisory expenses	-	(745)	-	(1,313)	-	(1,410)
Tecfinance Informática e Projetos de Sistemas Ltda.	-	-	-	-	-	-
Accounts receivables	151	-	151	-	-	-
Trade receivables/payables	(785)	-	(785)	-	(831)	-
Systems development and maintenance expenses	-	(5,056)	-	(10,499)	-	(12,286)
Infostocks Informações e Sistemas Ltda.						
Accounts receivables	42	-	42	-	3	-
Trade receivables/payables	(34)	-	(34)	-	-	-
Advertising placement expense	-	(900)	-	(2,128)	-	(2,306)
XP Controle Participações S.A (Note 9 and 19)	3,805	-	3,805	-	-	-
Money & Markets Editora Ltda.						
Accounts receivables	-	-	-	-	-	-
Trade receivables/payables	(347)	-	(347)	-	-	-
Advertising placement expense	-	(373)	-	(373)	-	-
XP Gestão de Recursos Ltda.						
Accounts receivables	30	-	30	-	28	-
Trade receivables/payables	(19)	-	(19)	-	-	-
Resource management expenses	-	(16)	-	(46)	-	-
XP Corretora de Seguros Ltda.						
Accounts receivables	26	-	26	-	26	-
Trade receivables/payables	(2)	-	(2)	-	-	-
	2,911	(7,090)	2,911	(14,359)	(797)	(16,002)

Receivables and payables refer mainly to the provision of services and have an average collection and payment period of 30 days, without inflation adjustment.

Management compensation

	Second half of 2013	2013	2012
	Revenue (expenses)	Revenue (expenses)	Revenue (expenses)
Compensation of key management personnel			
Management fees	(86)	(166)	(895)
	(86)	(166)	(895)

22. 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 year ended December 31, 2013, profit sharing bonuses paid totaled R$16,254 for the six-month period and R$39,339 for the year (R$38,260 in 2012).

23. 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 Entity and the other group companies can acquire nonvoting preferred shares.

Currently, 144 shareholders hold all the shares of XP Controle, namely, 111 executives and 33 strategic partners, and the 10 main executives of the XP Group hold approximately 71% 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 36,778,389 shares of the program of "partnership" traded in the period totaled R$125,696,926 based on "valuation" held on November 11, 2013.

24. 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:

	Year ended 12/31/2012		
	Requirement	Status	Margin/(deficiency)
Total Basel limit (b)	64,245	81,742	17,497
Capitalization (a)	40,871	15,289	25,582
Minimum realized capital (b)	1,500	69,507	68,007

	Semester ended 12/31/2013		
	Requirement	Status	Margin/(deficiency)
Total Basel limit (b)	90,925	387,264	296,339
Capitalization (a)	193,632	14,759	178,873
Minimum realized capital (b)	1,500	232,834	231,334

(a) The requirement refers to the allowed ceiling.

(b) The requirement refers to the required threshold.

25. TRANSACTIONS NOT AFFECTING CASH

The downstream mergers of the Entity's parent companies resulted in the merger of the following assets and liabilities not affecting cash and, therefore, not included in the statement of cash flows for the year ended December 31, 2013, as follows:

ASSETS	
CURRENT	154,722
Short-term investments	151,742
Other receivables	2,980
LONG-TERM ASSETS	120,237
Deferred tax credits	120,237
TOTAL ASSETS	274,959
LIABILITIES	
CURRENT	2,208
Other payables	2,208
TOTAL LIABILITIES	2,208

As a result of the downstream mergers, the parent companies' cash balances merged amount to R$821 and are recorded in the statement of cash flow - financing activities.

Net cash received on the downstream merger of the parent	821

* * *

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