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

Financial statements
June 30, 2014 and 2013

(A free translation of the original report issued in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil).

Contents

Management Report

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

We present you the financial statements for the six-month periods ended June 30, 2014 and 2013, together with the notes and independent auditors' report.

We inform you that during the period we followed our operational policy. Considering the regulatory standards issued by the Central Bank of Brazil, we remain at your disposal for any additional information you consider necessary.

Risk Management

The Risk Management area is structured in a manner fully independent from the business areas, reporting directly to the board of directors in order to ensure that no conflicts of interest exist and a segregation of duties that is adequate for good governance and market practices.

The organizational structure is set up according to the recommendations proposed by the Basel Accord, which establishes the policies, procedures and method consistent with risk tolerance and business strategy, and allows the monitoring of the several risks of operations and/or processes, including market, liquidity, credit, legal and operational risks.

These risk management processes are also associated with business continuity management processes, particularly with respect to impact assessments, continuity plans, disaster recovery plans, backup plans, crisis management etc.

a. Market risk

The entity manages the market risk of its operations by following policies and control procedures, and previously identifying the risks posed by new products and activities in order to keep exposure to market risks at levels it considers acceptable and to comply with the business strategy and limits set by the Risk Committee. Following set rules, the risk department aims at controlling, tracking and ensuring compliance with preestablished limits. The department may refuse, totally or partially, to receive and/or perform the requested operations by immediately communicating its decision to clients, and may interfere when it detects non-compliance and report all unusual events to the Committee. A full description of the market risk management structure is available at the entity's headquarters.

b. Liquidity risk

The entity has formulated its Liquidity Risk Management Policy according to the guidelines established by the Central Bank of Brazil, and seeks to ensure a permanent alignment between management and the nature of operations, the complexity of products and its level of exposure to liquidity risk. Liquidity risk management process includes procedures to identify, measure and control liquidity risk exposure, considering current market conditions and future estimates for constructing scenarios to determine cash flows for different time frames, including during the day. A full description of the liquidity risk management structure is available at the entity's headquarters.

c. Operational risk

In compliance with article four, paragraph two of Resolution 3380/2006, issued by the National Monetary Council on June 27, 2006, the Firm has an operational risk management structure which consists of formulating institutional policies, evaluating and monitoring process and procedures to mitigate risk, strategies and contingency plans to ensure business continuity and establishing a single structure required by the regulatory agency. A full description of the operational risk management structure is available at the entity's headquarters.

Rio de Janeiro, August 19, 2014.

Board of Directors

Board of Directors Team

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

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

Independent auditors’ report on the financial statements

(A free translation of the original report issued in Portuguese as published in Brazil containing financial statements prepared in accordance with accounting practices adopted in Brazil applicable to institutions authorized to operate by the Central Bank of Brazil)

To
The Shareholders and Management
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 (the Firm), which comprise the statement of financial position as at June 30, 2014, the statements of income, changes in equity and cash flows for the six-month period then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Firm's Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices adopted in Brazil, applicable to institutions 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.

Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 audit opinion.

Opinion

In our opinion, the aforementioned 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, 2014, and of its financial performance and its cash flows for the six-month period then ended in accordance with accounting practices adopted in Brazil applicable to the institutions authorized to operate by the Central Bank of Brazil.

Rio de Janeiro, August 19, 2014

KPMG Auditores Independentes
CRC SP-014428/O-6 F-RJ

Original in Portuguese signed by
Marco André C. Almeida
Accountant CRC RJ-083701/O-0

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

Statements of financial position as of June 30, 2014 and 2013

(In thousands of Brazilian Reais)

Assets	**Note**	**2014**	**2013**
Current assets		1.838.243	1.978.332
Cash equivalents:	4	620	593
Interbank investments:			
Money market instruments	5	99.822	174.342
Securities:	6	526.911	323.862
Own portfolio		343.438	142.702
Linked to guarantees		183.473	181.160
Other receivables:		1.206.605	1.477.101
Income receivable	8	5.503	9.740
Trading account	9	1.143.748	1.442.335
Taxes available for offset	9	11.581	11.509
Tax credits	13	32.525	6.596
Others	9	13.248	6.921
Other assets:			
Prepaid expenses	11	4.285	2.434
Non-current assets		106.797	18.822
Other receivables			
Tax credits	13	80.158	-
Other assets:			
Prepaid expenses	11	7.958	3.454
	12	18.681	15.368
Property and equipment in use		13.880	13.153
Intangible assets		4.801	2.215
		1.945.040	1.997.154

Liabilities	**Note**	**2014**	**2013**
Current liabilities		1.559.234	1.889.512
Other liabilities:		1.559.234	1.889.512
Tax and social security liabilities	10	4.769	20.684
Trading account	9 (a)	1.507.379	1.830.230
Others	9 (b)	47.086	38.598
Equity	14	385.806	107.642
Share capital:			
Brazilian residents		232.834	79.509
Capital reserve		120.247	-
Income reserve		32.725	28.133
		1.945.040	1.997.154

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

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

Statements of income

Six-month periods ended June 30, 2014 and 2013

(In thousands of Brazilian Reais, except earnings per share)

	Note	2014	2013
Interest income		52.216	23.202
Securities transactions	5 and 6	52.216	23.202
Interest expense		(368)	(21)
Loans and on-lendings		(14)	(16)
Loss on derivative instruments	7	(354)	(5)
Gross profit		51.848	23.181
Other operating income/(expenses)		(20.990)	23.599
Service income	16	107.890	147.942
Expenses on financial system services	20	(52.274)	(59.811)
Expenses on specialized technical services		(3.894)	(5.196)
Personnel expenses		(28.168)	(22.641)
Data processing expenses		(12.152)	(12.601)
Communication expenses		(2.701)	(2.952)
Tax expenses		(12.324)	(15.195)
Other administrative expenses	19	(16.606)	(13.129)
Other operating income	18	3.666	10.845
Other operating expenses		(4.427)	(3.663)
Results from operating activities		30.858	46.780
Results from non-operating activities		20	189
Profit before taxes on income and profit sharing		30.878	46.969
Income and social contribution taxes	13	(6.131)	(9.450)
Provision for deferred income tax		-	(4.927)
Provision for deferred social contribution tax		-	(3.035)
Tax credits		(6.131)	(1.488)
Profit sharing	22	(15.839)	(23.085)
Profit for the six-month period		8.908	14.434
Earnings per share- R$		-	0,01

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

Six-month periods ended June 30, 2014 and 2013

(In thousands of Brazilian Reais)

				Income reserves			
	Capital	**Capital subject to approval**	**Capital reserve**	**Legal reserves**	**Reserve per by-laws**	**Retained earnings**	**Total**
Balances as of December 31, 2013	79.509	153.325	120.247	3.201	31.557	-	387.839
Profit for the six-month period	-	-	-	-	-	8.908	8.908
Appropriation of profit:							
Distributed dividends	-	-	-	-	(10.941)	-	(10.941)
Recognition of reserves	-	-	-	445	8.463	(8.908)	-
Balances as of June 30, 2014	79.509	153.325	120.247	3.646	29.079	-	385.806
Changes in the six-month period	-	-	-	445	(2.478)	-	(2.033)

				Income reserves			
	Capital	**Capital subject to approval**	**Capital reserve**	**Legal reserves**	**Reserve per by-laws**	**Retained earnings**	**Total**
Balances as of December 31, 2012	59.506	10.001	-	1.821	11.878	-	83.206
Increase in capital	20.003	(10.001)	-	-	-	-	10.002
Profit for the six-month period	-	-	-	-	-	14.434	14.434
Appropriation of profit:							
Recognition of reserves	-	-	-	721	13.713	(14.434)	-
Balances as of June 30, 2013	79.509	-	-	2.542	25.591	-	107.642
Changes in the six-month period	20.003	(10.001)	-	721	13.713	-	24.436

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

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

Statements of cash flows

Six-month periods ended June 30, 2014 and 2013

(In thousands of Brazilian Reais)

	2014	2013
Cash flows from operating activities		
Profit for the six-month period	8.908	14.434
Profit adjustment for:		
Depreciation and amortization	2.280	2.353
Income and social contribution tax expense	6.131	9.450
Profit sharing	15.839	23.085
Adjusted profit	33.158	49.322
Income and social contribution taxes paid	(1.172)	(8.295)
Employee profit sharing paid	(16.254)	(18.071)
Changes in operating assets and liabilities:	4.333	(35.010)
Interbank investments	51.346	4.718
Securities and derivative financial instruments	(35.626)	(35.715)
Income receivable	1.036	(3.140)
Trading account	(17.725)	4.731
Other assets	(4.915)	(11.190)
Tax and social security liabilities	964	-
Taxes and similars	10	-
Deferred income	471	-
Other liabilities - others	8.772	5.586
Net cash provided by /(used in) operating activities	20.065	(12.054)
Cash flows from investing activities		
Acquisition of property and equipment	(1.254)	(771)
Disposal of property and equipment	59	22
Acquisition of intangible assets	(1.371)	(218)
Net cash used in investing activities	(2.566)	(967)
Cash flows from financing activities		
Increase in capital	-	10.002
Paid dividends	(17.500)	-
Net cash (used in)/provided by financing activities	(17.500)	10.002
Decrease in cash and cash equivalents	(1)	(3.019)
Cash and cash equivalents at beginning of six-month period	621	3.612
Cash and cash equivalents at end of six-month period	620	593

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

Notes to the financial statements

(In thousands of Reais)

1 Operations

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("Brokerage Firm") is a closed company located at Avenida das Américas 3.434, bloco 7 – 2nd floor, Barra da Tijuca, Rio de Janeiro, which carries out transactions at BM&FBOVESPA S.A. - Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA S.A.") on its own behalf or on behalf of third parties, and manages investment club portfolios.

The parent company of the Brokerage Firm is XP Controle Participações S.A., which indirectly holds 55.7590% of the Brokerage Firm's share capital.

2 Presentation of the financial statements

The Brokerage Firm's financial statements are the responsibility of Management and have been prepared in accordance with accounting practices adopted in Brazil, applicable to institutions authorized to operate 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 align Brazilian accounting policies with international accounting standards, the Committee of Accounting Pronouncements - CPC has issued some standards and their related interpretations, which will be applicable to financial institutions only when approved by BACEN. The accounting pronouncements that have already been approved by BACEN are the following:

- CMN Resolution 3566/08 – Impairment of Assets (CPC 01).
- CMN Resolution 3604/88 - Statement of Cash Flows (CPC 03).
- CMN Resolution nº 3750/09 – Related Party Disclosures (CPC 05);
- CMN Resolution 3823/09 – Provisions, Contingent Liabilities and Contingent Assets (CPC 25).
- CMN Resolution 3973/11 – Subsequent Event (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 - Basic conceptual pronouncement (R1) issued by the Committee of Accounting Pronouncements (CPC) and applicable whenever it does not violate the standards issued by the National Monetary Council or by the Central Bank of Brazil - BACEN.

Until the report date, estimating when the other CPC accounting pronouncements will be approved by BACEN is not possible.

The financial statements were authorized for issue by Management on August 19, 2014.

3 Summary of significant accounting policies

a. Results of operations

Income and expenses are recorded on an accrual basis.

b. Current and long-term assets

Interbank investments

Interbank investments are recognized at the amount invested or purchased, plus income earned up to the financial position date.

Securities

Securities are classified in accordance with criteria set by Circular Letter 3068/01 issued by BACEN for recognition and measurement of the portfolio held by the Brokerage Firm according to Management's intention. Three specific categories have been established according to the accounting recognition criteria:

- **Trading securities -** securities acquired with the purpose of being actively traded, trading securities are adjusted to market value and these adjustments are recognized with an offsetting entry to profit or loss.

- **Available-for-sale securities -** securities that are not classified as “trading securities” or as “held-to- maturity securities”. These securities are adjusted to market value, and the adjustment, net of tax effects, is recorded in a separate line item in equity. Gains and losses, when realized, are recognized in profit or loss.

- **Held-to-maturity securities-** securities which Management has the intention and financial capacity to hold in the Brokerage Firm's portfolio until maturity. They are accounted for at acquisition cost, plus earnings recognized with an offsetting entry to profit or loss.

Derivative financial instruments (assets and liabilities)

Derivative transactions carried out by the Brokerage Firm are recognized in the statement of financial position, and the original value of contracts is accounted for in memorandum accounts. The adjustments in future contracts are daily calculated by type of assets and maturity and are recognized in profit or loss. Forwards are recognized in an amount equivalent to the spot market price and installments receivable or payable at a future date are adjusted to present value. Option premiums are stated at cost and adjusted to market value.

Share loans and short positions

Share loans (borrowing position) and short positions are held at the stock and mercantile exchange (BM&FBOVESPA) and are valued at the average market sale prices of the related assets, according to data disclosed by several trade associations and stock, mercantile and futures exchanges, plus, when applicable, finance commissions, costs and charges incurred up to the financial position date.

Trading account (amounts payable and receivable)

The trading account consists of transactions carried out at the stock and mercantile exchange, on behalf and for the benefit of third parties. Brokerage fees on these transactions are classified as income and service expenses are recognized when transactions are carried out.
This account is subdivided into the following captions:

- Registration and settlement cash - consists of the transactions carried out at the stock exchange on the Brokerage Firm's own behalf or on behalf of third parties;

- Outstanding settlement account of receivables/payables - consists of balances of client receivables/payables originating from transactions with fixed-rate securities, stocks, commodities and financial assets, which remain outstanding at the financial position date.

Client deposits for stock exchange transactions and investments

Consist of client deposits for stock exchange transactions and investments to be made with the Brokerage Firm. They are stated at the actual deposit amount, less and investment payments already made to the stock exchange, and are not adjusted for inflation.

c. Market value measurement

The Brokerage Firm follows a method to measure the market value (probable realizable value) of securities and derivative instruments based on the economic scenario and pricing models built by Management. It consists of obtaining average market prices and the data disclosed by several trade associations and stock applicable at the reporting date. Accordingly, upon the effective financial settlement of these items, actual results could differ from these estimates.

d. Prepaid expenses

Prepaid expenses consist of paid amounts whose benefit rights will be exercised or service will be performed in future periods. They are recognized as assets on the statement of financial position and appropriate on an accrual basis.

e. Results from non-operating activities

Results from non-operating activities consist of results not related to the company's operating activities. Balances recognized in 2013 and 2014 basically consist of indemnity expenses and premium income, both related to the termination of lease agreements.

f. Permanent assets

Property and equipment

Property and equipment are recorded at acquisition cost. Depreciation of items is calculated using the straight-line basis and annual rates over their estimated useful lives.

Deferred charges

Deferred organization and expansion charges basically consist of leasehold improvements and acquisition of software. They are recognized at acquisition cost, less amortization, which is calculated using the straight-line basis at rates that consider the useful life of intangible assets or over the lease term.

Under CMN Resolution 3617/08, financial institutions must recognize as deferred charges only pre operating and restructuring expenses which will actually contribute towards boosting the results reported for more than one fiscal year and do not consist merely of cost cuts or increased operational efficiency. The existing balances as of September 30, 2008 may be kept until they are actually written off.

Intangible assets

Intangible assets consist of software acquired from third parties, and are measured at acquisition costs, less accumulated amortization. Amortization is calculated using the straight-line basis and annual rates over the estimated useful lives of intangible assets.

g. Impairment

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

The impairment of non-financial assets is recognized as loss if the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount. A cash generating unit is the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets. Impairment losses, when applicable, are recognized in the statement of income for the period in which they are identified.

Non-financial assets are reviewed at least annually to determine whether there is any indication of impairment.

Therefore, in compliance with related standards, Management is not aware of any significant adjustment which may affect the recoverability of the amounts recognized as prepaid expenses, property and equipment, deferred charges and intangible assets as of June 30, 2014 and 2013.

h. Current and long-term liabilities

Current and long-term liabilities are stated at known or estimated amounts, plus the related charges, exchange rate gains (losses) and/or monetary fluctuations incurred up to the reporting date, when applicable.

i. Contingent assets and liabilities, provisions and legal obligations

Contingent assets and liabilities and legal obligations are recognized, measured and disclosed according to the criteria set by CPC 25 - Provisions, Contingent Liabilities and Contingent Assets, approved by CMN Resolution 3823/09 in the following manner:

- Contingent assets are not recognized in the financial statements, except when evidence of their realization is available and may not be appealed.

- Provisions for risks - assessed by legal counselors and Management considering the likelihood of an unfavorable outcome of a lawsuit or administrative case which may result in an outflow of resources that can be measured reliably. Provisions are accrued for proceedings classified by legal counselors as having a risk of probable loss and disclosed in notes to the financial statements.

- Contingent liabilities - are uncertain and their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events to determine whether an outflow of resources is likely; therefore they are not accrued, but disclosed if classified as possible loss and not accrued nor disclosed if classified as remote loss.

- Legal obligations (tax and social security) - consist of lawsuits that challenge the legality and constitutionality of some taxes and contributions. The discussed amount is quantified, provided for and adjusted for inflation monthly.

j. Income and social contribution taxes

The provision for income tax is accrued at the rate of 15%, plus a surtax of 10% on annual taxable income in excess of R$240. The provision for social contribution tax is recognized at the rate of 15%.

Deferred taxes were calculated on temporary differences according to the rate of 25% for income tax and of 15% for social contribution tax.

k. Accounting estimates

The preparation of the financial statements in conformity with Brazilian accounting policies requires Management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Significant assets and liabilities subject to these estimates and assumptions include the carrying value of provisions for risks and the valuation of securities and derivative financial instruments. The settlement of transactions may result in amounts different from estimates, due to the inherent inaccuracy of the process. The Brokerage Firm reviews these estimates and assumptions periodically.

l. Earnings per share

Earnings per share reported in the statement of income are calculated according to the number of shares outstanding at the reporting date.

4 Cash and cash equivalents

	6/30/2014	**6/30/2013**
Cash and cash equivalents		
Bank deposits	620	593

5 Interbank investments

a. Money market instruments

Own portfolio

Investments in repurchase agreements	**6/30/2014**	**6/30/2013**
Own portfolio		
National Treasury Bills	39,799	174,342
National Treasury Notes - B series	50,020	-
Financial Treasury Bills	10,003	-
	99,822	174,342

Money market instruments as of June 30, 2014 mature on the first business day of the subsequent month and bear average fixed rates of 10.89% per annum (2013: 7.88% per annum).

b. Income from interbank investments

Income from interbank investments is classified in the statement of income as income from securities transactions.

Income from repurchase agreements

	Six-month period ended June 30, 2014	**Six-month period ended June 30, 2013**
Own portfolio		
National Treasury Bills	5,049	2,015
National Treasury Notes - B series	1,722	4,638
Financial Treasury Bills	793	94
	7,564	6,747

6 Securities

a. Long position

	6/30/2014		6/30/2013	
	Cost	**Market**	**Cost**	**Market**
Own portfolio	343,439	343,438	142,989	142,702
Fixed-rate securities	98,110	98,118	40,464	40,361
National Treasury Bills	417	420	77	76
Financial Treasury Bills	44,905	44,905	28,142	28,329
National Treasury Notes - B series	1,840	1,841	3,389	3,097
National Treasury Notes - F series	155	159	520	523
Certificates of Bank Deposit	50,793	50,793	8,182	8,182
Real Estate Notes	-	-	136	136
Debentures	-	-	18	18
Floating-rate securities	220	211	285	276
Public company shares	65	57	122	112
Amounts received for loans	155	154	163	164
Investment fund shares	245,109	245,109	102,240	102,065
Floating-rate investment funds	823	823	-	-
Multi-market investment funds	244,220	244,220	101,116	101,116
Real estate investment funds	-	-	1,058	883
Funcine - investment fund for financing Brazil's film industry	66	66	66	66
Linked to guarantees	183,510	183,473	180,057	181,160
Fixed-rate securities	183,509	183,472	180,005	181,107
Financial Treasury Bills	183,509	183,472	180,005	181,107
Floating-rate securities	1	1	52	53
Public company shares	1	1	52	53
Current assets	526,949	526,911	323,046	323,862

Securities classified as trading securities which mature within more than 12 months are classified in current assets, as established by BACEN Circular Letter 3068/01.

The market value of securities is based on the prices at the financial position date. If no market price quotations are available, amounts are estimated according to quotations of distributors or pricing models.

Securities, including derivative financial instruments and interbank investments are kept in custody at the CBLC - Brazilian Company of Settlement and Custody, CETIP - Clearinghouse for the Custody and Financial Settlement of Securities, SELIC - Special Settlement and Custody System or BM&FBOVESPA S.A., except for investment fund shares, whose records are kept by investment funds’ administrators.

b. Short position

	6/30/2014		6/30/2013	
	Cost	Market	Cost	Market
Floating-rate securities				
Public company shares - short position	69	69	25	25
Share loans - borrowing position	155	154	215	217
Current liabilities	224	223	240	242

The short position of shares and share loans taken out by the Brokerage Firm are presented in liabilities as Other liabilities - trading account - note 9.a.

Share loans – borrowing position consist of floating-rate securities classified in current liabilities as "Trading account". Obligations are valued at the average prices of securities disclosed by BMF&BOVESPA at the financial position date.

c. Income from securities transactions

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Fixed-rate securities	24,455	15,165
Public company shares	(528)	(897)
Financial investment funds	20,725	2,187
	44,652	16,455
Income from repurchase agreements (Note 5)	7,564	6,747
Interest income	52,216	23,202

7 Derivative financial instruments

The notional values of derivative contracts are recognized in compensating accounts and gains and losses are recognized in statement of financial position accounts with an offsetting entry to profit or loss.

The market value of derivative financial instruments, consisting of futures, option and forward contracts, is calculated according to the following criteria:

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

- **Forward contracts -** based on spot market prices, and installments receivable or payable fixed in advance for a future date, adjusted to present value according to market rates disclosed by BM&FBOVESPA S.A.

- **Option contracts -** average trading price on the calculation day, disclosed by BM&FBOVESPA S.A, or, when not available, according to pricing models.

The Brokerage Firm did not have these instruments as of June 30, 2014 and 2013.

Net income from and expenses on derivative financial instruments in the six-month periods are shown below:

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Derivative financial instruments		
Options	(64)	(138)
Futures contracts	(280)	133
Forward contracts	(10)	-
	(354)	(5)

8 Income receivable

	6/30/2014	6/30/2013
Management and performance fee **(*)**	4,262	3,419
Custody fee **(*)**	827	1,569
Commissions receivable **(*)**	191	4,148
Other receivables	223	604
	5,503	9,740

(*) Receivables basically consist of service fees and are expected to be realized within 30 days on average. Balances receivable are not concentrated as of June 30, 2014 and 2013.

9 Other receivables and other liabilities

a. Trading account

	6/30/2014		6/30/2013	
	Assets	**Liabilities**	**Assets**	**Liabilities**
Registration and settlement cash	986,480	1,028,307	1,349,345	1,228,226
Receivables/payables for outstanding settlements	157,251	477,944	92,936	601,471
Commissions and brokerage fees payable	-	905	-	291
Payables for share loans	-	154	-	217
Public company shares - short position	17	69	54	25
	1,143,748	1,507,379	1,442,335	1,830,230

b. Others and taxes available for offset

Assets	**6/30/2014**	**6/30/2013**
Salary advances	1,044	939
Advance payments of our account	493	338
Advances for acquisition of property and equipment	142	5
Acknowledgment of debt with IIA **(*)**	1,906	0
Related companies (note 21)	4,687	3,942
Receivables from escrow deposits	2,001	569
Reimbursement of fund expenses	1,152	0
Other receivables	1,823	1,128
Others – total	13,248	6,921
Taxes and contributions to offset **(i)**	11,581	11,509
Liabilities		
Personnel expenses payable	21,165	22,368
Payables to related companies	900	965
Collected taxes and other	17	8
Provision for legal proceedings (note 21)	5,286	4,194
Others payables	6,220	68
Other liabilities **(ii)**	13,498	10,995
	47,086	38,598

(i) Basically consist of income and social contribution tax losses reported in 2013 and 2012 and not utilized, in the amounts of R$9,641 (position in 2014) and R$8,295 (position in 2013). They also include income and social contribution tax prepayments of R$1,172 made in the six-month period.

(ii) They basically consist of amounts accrued for independent investment agents, domestic and foreign suppliers payables in the amount of R$12,296 (R$10,107 as of June 30, 2013), and other administrative expenses in the amount of R$1,201 (R$888 as of June 30, 2013).

(*) IIA = Independent Investment Agent

10 Other liabilities - Tax and social security liabilities

	6/30/2014	**6/30/2013**
Current income and social contribution taxes	-	7,859
Deferred income and social contribution taxes (note 13.b)	11	3,451
Taxes on third-party services	566	331
Taxes payable on salaries	1,287	6,482
Other (a)	2,905	2,561
Current	4,769	20,684

(a) Basically consist of ISS (Service Tax), PIS (Contribution for Social Integration Program) and COFINS (Tax for Social Security Financing) payable.

11 Other assets

On April 1, 2011, the Brokerage Firm hired Wolwacz & Ruschel Ltda. ("WR"), a company that operates in the education industry by offering financial market courses, to hold education events related to its line of business. Events include, but are not limited to, courses, seminars, workshops and lectures. WR is in charge of creating, promoting and organizing the event, as well as bearing the related costs.

In addition to those services, WR offers operational strategy projects for the floating-rate market which may be used as tools by all clients of the Brokerage Firm at the *home broker*. Moreover, WR's education services include promoting the Brokerage Firm's brand and recommending the Brokerage Firm to the participants of the courses held by WR, who are interested in carrying out financial market transactions.

Under the agreement, the Brokerage Firm paid the amount of R$5,250, whose expenses are being amortized over the term of the agreements, which is 10 years.

During the first half of 2014, the Brokerage Firm introduced a campaign to encourage its network of independent investment agents to attract new clients by offering an advance payment to their services in order to incentivating them to boost the raising of funds and, consequently, increasing income that will be generated over the years by these investments.

Under this campaign a financial incentive will be paid to set up new accounts and increase custody. Management understands that these amounts are part of the compensation paid to independent investment agents, and therefore are classified as prepaid expenses. According to a technical study, they are being recognized on a straight-line basis over four years.

As of June 30, 2014 and 2013, prepaid expenses had the following composition:

	6/30/2014	**6/30/2013**
Wolwacz & Ruschel Ltda.	3,675	4,200
User licenses	-	1,366
Prepaid compensation to independent investment agents	5,977	-
Other prepaid expenses	2,591	322
	12,243	5,888
Current	4,285	2,434
Non-current	7,958	3,454
	12,243	5,888

12 Permanent assets

Property and equipment

	Data processing system	Furniture and Equipment	System Security	Vehicles	Facilities	Total
Balance as of December 31, 2012	5,987	5,854	164	32	1,659	13,696
Additions	443	157	-	-	499	1,099
Disposals	-	(22)	-	-		(22)
Depreciation in the year	(1,138)	(390)	(10)	(4)	(78)	(1,620)
Balance as of June 30, 2013	5,292	5,599	154	28	2,080	13,153
Useful life in years	5	10	5	5	10	
Annual depreciation rate	20%	10%	20%	20%	10%	
Balance as of December 31, 2013	5,920	5,720	664	25	2,143	14,472
Additions	963	183	17	-	91	1,254
Disposals	(2)	(26)	-	(24)	(7)	(59)
Depreciation in the year	(1,190)	(431)	(37)	(1)	(128)	(1,787)
Balance as of June 30, 2014	5,691	5,446	644	-	2,099	13,880
Useful life in years	5	10	5	5	10	
Annual depreciation rate	20%	10%	20%	20%	10%	

Intangible assets

	6/30/14	**6/30/13**
Opening balance	3,923	3,057
Additions	1,371	219
Write-offs	-	(328)
Amortization	(493)	(733)
	4,801	2,215

Basically consists of investments in software which are amortized over five years at an annual rate of 20%.

13 Income and social contribution taxes

a. Deferred taxes

In the six-month period ended June 30, 2014, the Brokerage Firm keeps a provision of R$11 (R$3,451 as of June 30, 2013) for income and social contribution deferred tax liabilities on unrealized gains on securities and R$4,503 (R$6,596 as of June 30, 2013) for income and social contribution deferred tax assets on temporary differences of accruals for independent investment agents, contingencies and bonuses. A tax credit was also recognized on goodwill from merger (note 15) in the amount of R$120,237, which remaining balance as of June 30, 2014 is R$104,206, and from income and social contribution tax losses of R$3,974. Deferred tax assets and liabilities are accounted for, respectively, as "Other liabilities - tax and social security liabilities" and "Tax credits".

As established by Resolution 3059/02, changed by Resolution 3355/06, both issued by BACEN, the Brokerage Firm recognizes deferred tax assets and liabilities ("tax credits" and "deferred tax liabilities") resulting from temporary differences by meeting the following conditions: (i) a history of taxable profit or income for income and social contribution tax purposes, which is proved by the reporting of this profit or income for at least three of the last five fiscal years, a period which must include the current year; and (ii) expected generation of future taxable profit or income for income and social contribution tax purposes in subsequent periods, according to an internal technical study which shows the likelihood of future tax liabilities which allow the realization of the tax credit within ten years at most.

b. Origin of deferred tax credits and tax liabilities

Tax Credits	**Balances as of December 31, 2013**	**Recognition in the six-month period**	**Realization in the six-month period**	**Balances as of June 30, 2014**
Deferred income and social contribution taxes on:				
Provisions for agent commissions and bonuses	2,853	1,721	(165)	4,409
Market value adjustment of securities and derivative financial instruments	94	25	(25)	94
Tax credit on goodwill from the acquisition of investments (notes 15)	116,229	-	(12,023)	104,206
Income and social contribution tax loss	-	4,695	(721)	3,974
Total tax credits on temporary differences	119,176	6,441	(12,934)	112,683
Current				32,525
Non-current				80,158

Deferred tax liabilities	**Balances as of December 31, 2013**	**Recognition in the six-month period**	**Realization in the six-month period**	**Balances as of June 30, 2014**
Deferred income and social contribution taxes on:				
Market value adjustment of securities and derivative financial instruments	374	11	(374)	11
Total deferred tax liabilities on temporary differences	374	11	(374)	11

Tax credits	**Balances as of December 31, 2012**	**Recognition in the six-month period**	**Realization in the six-month period**	**Balances as of June 30, 2013**
Deferred income and social contribution taxes on:				
Provisions for agent commissions and bonuses	4,979	3,256	(4,979)	3,256
Market value adjustment of securities and derivative financial instruments	2,941	3,177	(2,941)	3,177
Other	164	164	(164)	164
Total tax credits on temporary differences	8,084	6,596	(8,084)	6,596
Deferred tax liabilities				
Deferred income and social contribution taxes on:				
Market value adjustment of securities and derivative financial instruments	3,345	3,448	(3,345)	3,448
Other	2	3	(2)	3
Total deferred tax liabilities on temporary differences	3,347	3,451	(3,347)	3,451
Total tax credit assets net of deferred tax liabilities	4,737	3,145	(4,737)	3,145

c. Expected realization of tax credit assets

Balances as of June 30, 2014	**Temporary differences**		
Deadline for realization:	**Income tax**	**Social contribution tax**	**Total deferred taxes**
Within 1 year	20,328	12,197	32,525
Within one to two years	15,030	9,018	24,048
Within two to three years	15,030	9,018	24,048
Within three to four years	15,030	9,018	24,048
Within four to five years	5,009	3,005	8,014
Total	70,427	42,256	112,683

Balances as of June 30, 2013	**Temporary differences**		
Deadline for realization:	**Income tax**	**Social contribution tax**	**Total deferred taxes**
Within 1 year	4,122	2,474	6,596
Total	4,122	2,474	6,596

The amount of R$112,683 was recognized in tax credits and calculated according to the expected realization of temporary differences shown in the previous table. These amounts were not discounted to present value.

Profit estimates that allow the generation of a taxable calculation base include the consideration of macroeconomic assumptions, foreign exchange and interest rates, as well as estimates of new financial transactions, among others, which can vary significantly in relation to data and actual amounts.

d. Reconciliation of income and social contribution taxes

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Profit (loss) before taxes on profit and interest	30,878	46,969
Current tax (40%)	(12,351)	(18,788)
Tax effect on employee profit sharing	6,335	9,234
Other	(115)	104
Income and social contribution tax expenses in profit or loss	(6,131)	(9,450)

Tax credit assets and provisions (liabilities) for deferred income and social contribution taxes are recognized for temporary differences showing the reconciliation of tax charges between effective and statutory rates in the six-month period.

14 Equity

a. Share capital

As of June 30, 2014, share capital of R$232,834 consists of 1,287,876,594 ordinary shares and 1,287,839,797 class C preferred shares, all of no-par value.

As of June 30, 2013, share capital in the amount of R$79,509 consisted of 572,136,951 ordinary shares and 572,120,604 class C preferred shares, all of no-par value.

b. Capital increase

On December 27, 2012, the Extraordinary Shareholders' Meeting approved a capital increase by R$10,001, through the issue of 116,343,129 nominal shares of no-par value, of which 58,172,396 are ordinary shares and 58,170,733 are class C preferred shares.
On January 31, 2013, the Extraordinary Shareholders' Meeting approved a capital increase by R$10,002, through the issue of 122,786,522 nominal shares of no-par value, of which 61,394,138 are ordinary shares and 61,392,384 are class C preferred shares.

On November 1, 2013, the Extraordinary Shareholders' Meeting approved the memorandum and reasons for the Appraisal Report prepared to make an accounting valuation of the total equity of XP Holding Financeira S.A., the Brokerage Firm's parent company, and to merge it into the Brokerage Firm (note 15). As a result of the merger of the net cash and financial investments, net of the liabilities recognized in XP Holding Financeira S.A., the Brokerage Firm's share capital, after BACEN approved the transaction, was increased by R$153,325, through the issue of 1,431,458,836 nominal shares of no-par value, of which 715,739,643 are ordinary shares and 715,719,193 are class C preferred shares.

c. Capital reserve

Due to the merger (note 15), the Brokerage Firm's equity was increased by R$120,247. This amount was allocated to the capital reserve and basically consists of the economic benefit arising from a probable future reduction in taxes.

d. Legal reserve

The legal reserve was set at the rate of 5% of the profit reported at each financial position date, until it reaches 20% of share capital, as provided in corporate law.

e. Reserve established by the Brokerage Firm's by-laws

The reserve established by the Brokerage Firm's by-laws for investments and expansion consists of the remaining balance of the profit reported at the financial position date, after statutory appropriations, and its purpose is to secure funds for investments. This reserve may not exceed share capital.

f. Dividends and interest on equity capital

Shareholders are entitled to minimum non-discretionary dividends at the rate of 25% of the year's profit, after the specific appropriations.

15 Merger

On November 1, 2013, the Extraordinary Shareholders' Meeting approved the merger of the net assets of XP Holding Financeira ("XPHF") into the Brokerage Firm. The value of these net assets, determined as per the trial balance sheet as of November 1, 2013, were recognized by the Brokerage Firm at their book value, as shown below:

Assets	Balance as of 11/1/13	Liabilities	Balance as of 11/1/13
Current	155,543	Current	2,208
Cash and cash equivalents	821	Other liabilities	2,208
Securities	151,742	Tax and social security liabilities	2,110
		Others	98
Other receivables	2,980		
Recoverable taxes	2,972	Equity	396,134
Other	8	Share capital	239,582
Non-current	120,237	Capital reserve	120,247
Deferred tax credits	120,237	Profit reserves	6,330
		Retained earnings	29,975
Permanent assets	122,562		
Investments	122,562		
Total assets	398,342	Total liabilities	398,342

The effects of the merger on the Brokerage Firm were the following:

a. Capital increase by R$153,325 consisting of the parent company's net cash assets, net of the liabilities reported at the date;

b. The capital reserve of R$120,247, consists of the capital reserve of the Brokerage Firm's parent company, XP Holding Financeira S.A., which was merged into the Brokerage Firm and results from the potential future economic/tax benefit of the goodwill paid upon the entrance of new investors in the Brokerage Firm's control group. The potential economic/tax benefit of the goodwill paid on the merger is attributed to the future profitability and client portfolio. It is recognized in previous mergers according to "ICPC 09 (R1) - Individual financial statements, separate financial statements, consolidated financial statements and application of the equity method" and "CVM Instructions 319/99 and 349/01." Therefore, equity was reduced after a provision was accrued for 100% of the goodwill paid on the transaction. The potential economic/tax benefit was recognized in deferred tax assets with an offsetting entry to capital reserve in equity.

16 Service income

	Six-month period ended June 30, 2014	**Six-month period ended June 30, 2013**
Income from the distribution of investment fund shares	12,425	11,095
Income from brokerage fees earned on stock exchange transactions	76,388	92,096
Income from commissions earned on the placement of securities	10,187	35,456
Income from custody services	2,850	4,026
Banking fee income	475	484
Other **(*)**	5,565	4,785
	107,890	147,942

(*) Basically consists of income from share loans.

17 Other operating income

	Six-month period ended June 30, 2014	**Six-month period ended June 30, 2013**
Fines received **(*)**	3,452	10,316
Receivable monetary fluctuations	1	13
Other	213	516
	3,666	10,845

(*) Income from the daily interest of 0.3% applied to a negative checking account balance, resulting from financial settlements of stock exchange transactions carried out by clients.

18 Other operating expenses

	Six-month period ended June 30, 2014	**Six-month period ended June 30, 2013**
Operating errors **(*)**	(2,595)	(3,338)
Losses on clients **(**)**	(1,572)	-
Other	(260)	(325)
	(4,427)	(3,663)

(*) Operating errors result from indemnities paid to clients by XP CCTVM, mostly derived from errors in the execution of orders due to system or people failures.

(**) In the first quarter of 2014, it basically consists of the return of income from a discontinued real estate fund.

19 Other administrative expenses

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Water, electricity and gas	(232)	(261)
Rent	(4,999)	(5,046)
Asset maintenance and conservation expenses	(725)	(645)
Materials	(113)	(87)
Promotion and public relations	(647)	(477)
Advertising	(2,324)	(1,876)
Publishing	(51)	(66)
Insurance	(8)	(13)
Third-party services	(2,858)	(873)
Surveillance and security services	(96)	(33)
Transportation	(314)	(277)
Domestic travels	(1,792)	(1,004)
Amortization and depreciation	(2,280)	(2,353)
Other administrative expenses	(167)	(118)
Total other administrative expenses	(16,606)	(13,129)

20 Financial system services

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Independent investment agents	(46,422)	(55,213)
Processing and custody service fees	(3,849)	(3,667)
Commission paid to XP Securities	(371)	0
Other **(*)**	(1,632)	(931)
	(52,274)	(59,811)

(*) Consists of operating and banking fees.

21 Provisions and contingent liabilities

The Brokerage Firm is involved in various labor, tax and civil lawsuits. Relying on the reports of its in-house legal counselors, the Brokerage Firm accrued provisions for losses on lawsuits whose unfavorable outcome is considered probable, as summarized below:

	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Provision for labor lawsuits	1,462	389
Provision for civil lawsuits	19	-
Provision for tax lawsuits	3,905	3,805
Total provision for legal proceedings (note 9.b)	5,286	4,194

Provision for labor lawsuits

The Brokerage Firm is party to various labor lawsuits. As of June 30, 2014, 13 lawsuits are accrued as a probable loss in the amount of R$1,462 (R$389 as of June 30, 2013). Six lawsuits are classified as possible loss and total R$655 (R$55 as of June 30, 2013).

	2014	2013
Balance at beginning of six-month period	951	389
Recognition	552	-
Reversal/Payments	(41)	-
Balance at end of the six-month period	1,462	389

Civil lawsuits

The Brokerage Firm is party to various civil lawsuits. As of June 30, 2014, three lawsuits are accrued as a probable loss in the amount of R$19. Moreover, at that date, 15 lawsuits are classified as possible loss, which total R$346 and for which no provision was accrued according to current accounting practices. There was a revaluation of the likelihood of a loss on a lawsuit previously classified as remote. After the revaluation there are 16 lawsuits provided for as a possible loss in the amount of R$ 781.

Contingent tax liabilities

The Brokerage Firm is challenging at the administrative level deficiencies in the ISS (Service Tax) on brokerage fees proposed by the Municipality Authorities of Rio de Janeiro and Novo Hamburgo. The tax deficiencies total R$194 as of June 30, 2014 and December 31, 2013 without inflation adjustment.

Contingent liabilities are uncertain and depend on future events to determine whether the outflow of resources is likely; therefore, they were not accrued, according to the opinion of the Brokerage Firm's legal counselors, who consider the likelihood of favorable outcome as probable.

During the six-month period ended December 2013 the Brokerage Firm decided to settle at the administrative level two of the notices of deficiency proposed by the municipality of Rio de Janeiro which the Brokerage Firm had challenged in connection with the levy of ISS on brokerage fees earned in the period from January 1999 to December 2003. These administrative proceedings total R$251 and are secured by the former controlling shareholder of the Brokerage Firm.

During the six-month period ended June 2013, a provision was accrued in the amount of R$3,805 for the notice of deficiency issued on January 28, 2011 asserted for the failure to pay income and social contribution taxes on the appreciation of stock exchange equity securities calculated by the date of the demutualization. This provision was accrued considering the notice of deficiency as a probable loss, in view of decisions made in recent cases. Given that this contingency is fully secured by a deposit made by the Brokerage Firm's former controlling shareholder in XP Controle S.A., an amount receivable from related companies was recognized in the full amount of the contingency (note 9 b and 21).

22 Related parties

a. Business and contractual transactions with related parties

Over the normal course of business, the companies of XP Group conduct business and financial transactions with the Brokerage Firm. These transactions include: (i) rendering education, business consulting and advisory services; (ii) rendering financial advisory and consulting services in general; (iii) managing funds and rendering portfolio management services; (iv) rendering information technology and data processing services; and (v) rendering insurance services.

During the six-month periods ended June 30, 2014 and 2013 the Brokerage Firm conducted the following transactions with related parties:

	Six-month period ended June 30, 2014		Six-month period ended June 30, 2013	
	Assets (Liabilities)	**Income (Expenses)**	**Assets (Liabilities)**	**Income (Expenses)**
XP Educação Assessoria Empresarial e Participações Ltda.				
Account receivables	340	-	17	-
Suppliers	(59)	-	(47)	-
Technical advisory expenses	-	(522)	-	(568)
Tecfinance Informática e Projetos de Sistemas Ltda.				
Account receivables	174	-	22	-
Suppliers	(523)	-	(916)	-
System development and maintenance expenses	-	(3,655)	-	(5,443)
Infostocks Informações e Sistemas Ltda.				
Account receivables	35	-	39	-
Suppliers	(220)	-	-	-
Advertising expenses	-	(416)	-	(1,228)
XP Controle Participações S.A. (note 9 and 20)				
Account receivables	3,805	-	3,805	-
XP Gestão de Recursos Ltda.				
Account receivables	31	-	33	-
Suppliers	(21)	-	(2)	-
Fund management expense	-	(4)	-	-
XP Corretora de Seguros Ltda.				-
Account receivables	262	-	26	-
Suppliers	(2)	-	-	-
XP Securities LLC				
Suppliers	(75)	-	-	-
Financial system services	-	(371)		
XP Finance Desenvolvimento de Negócios Ltda.				
Account receivables	5	-	-	-
XP Holding Investimentos S/A				
Account receivables	25	-	-	-
Money & Markets Editora Ltda.				
Account receivables	4	-	-	-
Advertising expenses	-	(6)	-	-
Novi Solucoes Financeiras Ltda.				
Account receivables	5	-	-	-
Total receivable (note 9b)	4,687		3,942	
Total payable (note 9b)	(900)		(965)	
	3,786	(4,974)	2,977	(7,239)

(*) Receivables and payables basically consist of service fees, are expected to be realized within 30 days and are not adjusted for inflation.

b. Management Fees

Key Management personnel compensation	Six-month period ended June 30, 2014	Six-month period ended June 30, 2013
Management Fees	(91)	(80)
	(91)	(80)

23 Profit sharing

The Brokerage Firm offers a profit sharing program to its employees. This program is not offered to the board of directors. The base date for this profit sharing program are the months of June and December. In the six-month period ended June 30, 2014, R$15,839 was computed for distribution purposes (June 30, 2013 - R$23,085).

24 XP Group Partnership

XP Controle Participações S.A. (“XP Controle”) is the holding company that controls the financial and non-financial companies that set XP Group. XP Controle has a partnership program whereby certain strategic executives and partners of the Brokerage Firm and the other group companies may acquire preferred shares without voting rights.

Currently, of the 157 (141 in June 2013) shareholders who hold all shares issued by XP Controle, 135 (106 in June 2013) are executives and 22 (35 in June 2013) are strategic partners. The 10 main executives of XP Group own approximately 65.03% (69% in June 2013) of total share capital.

Preferred shares issued by XP Controle may be acquired by paying cash or in installments. Under installment payments a three-year old period is usually established to settle the debt, which bears daily interest at the CDI (Interbank Deposit Certificate) rate.

The purchase and sales prices of preferred shares of the partnership program are set according to their book values, plus a predefined multiple of profit before interest, taxes, depreciation and amortization - EBITDA of XP Controle.

All XP Group partners have call options against them, whereby XP Controle has the right, at any time and for any reason, to make any of them totally or partially dispose of their interest in the share capital of XP Controle, according to the same valuation rule that was applied by the partner to acquire participation.

The “partnership” program shares are entitled to dividends, interest on equity capital and any other remuneration arising from interest in the share capital of XP Controle. However, while the share purchase and sales price is not totally paid by "partners", all the remuneration resulting from the participation will be used to repay the debt balance.

The shares issued by XP Controle have almost no liquidity, given that they are not traded at the stock exchange and are imposed serious limitations with respect to the possibility of disposing of or putting liens on these shares, such as preemptive rights, drag-along rights and the obligation not to impose liens.

Considering the trading history of the partnership program's shares and the restrictions on disposing of and putting liens on the shares, not to mention the lack of liquidity, Management understands that the values of transactions approximate the fair values of those shares.

25 Operational limits (Basel Accord)

Financial institutions should keep equity levels compatible with the risk posed by its risk-weighted assets defined on CMN Resolution 2.099/94 and on BACEN's supplementary regulations. The main limits are show as follows:

	Six-month period ended June 30, 2014		
	Requirement	**Situation**	**Margin/(insufficiency)**
Bank capital under Basel Accord **(b)**	136,280	370,691	234,412
Property and equipment **(a)**	185,346	14,024	171,322
Minimum capital realized **(b)**	1,500	232,834	231,334

	Six-month period ended June 30, 2013		
	Requirement	**Situation**	**Margin/(insufficiency)**
Bank capital under Basel Accord **(b)**	64,176	106,712	42,536
Property and equipment **(a)**	53,356	14,439	38,917
Minimum realized capital **(b)**	1,500	79,509	78,009

(a) The requirement consists of a maximum allowed limit.

(b) The requirement consists of a minimum allowed limit.

26 Subsequent events

On July 24, 2014, a Share Purchase and Sale Agreement was entered into whereby the Brokerage Firm decided to acquire 100% of the shares issued by Clear Corretora de Títulos e Valores Mobiliários S/A, which depends on the Central Bank of Brazil's previous approval. Only after that approval the price will be paid.

On July 31, 2014, the Brokerage Firm decided to settle all installment payments agreed with the municipality of Rio de Janeiro in connection with the levy of ISS on income from brokerage fees earned in the period from January 1999 to December 2013. The final term would be only in 2017, and R$210 was disbursed. On the same date, the Brokerage Firm decided to enjoy the benefit established by article two of Law 12.996/2014, which reopened the term established by article seven of Law 11.941/2009. To that end the Brokerage Firm agreed to pay in a lump sum the deficiency asserted by tax authorities on July 28, 2011 in income and social contribution taxes levied on the appreciation of stock exchange equity securities calculated by the date of the demutualization. The disbursed amount was R$2,568, including all discounts granted by law for cash payments. The Brokerage Firm's former controlling shareholder is liable for all debts above, and the amount pledged as security is sufficient to refund all the disbursement made.

*   *   *

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