

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

**Financial statements as of
December 31, 2015 and 2014**

*(A free translation of the original report in
Portuguese)*

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To

The Shareholders of

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

Rio de Janeiro - RJ

We submit for your appreciation, the financial statements for the years ended December 31, 2015 and 2014 and six-month period ended December 31, 2015, accompanying the explanatory notes and independent auditors' report.

We inform you that we maintained our operating policy during the period. Considering the regulations issued by the Central Bank of Brazil, we are at your disposal for any additional information you may require.

Risk management

Risk management is structured independently from business areas and reports directly to top management to ensure that there will be no conflict of interest and that segregation of duties is adequate to corporate governance and market good practices.

Organization structure is outlined in accordance with recommendations made by the Basel Agreement, where policies, procedures and methodologies that are consistent with risk tolerance and business strategy are formalized and where several risks inherent to transactions and/or processes are monitored, including market, liquidity, credit, legal and operating risks.

These risk management processes are also associated to business as going concern management processes, mainly regarding the formulation of impact analysis, continuity plans, disaster recovery plans, backup plans, crisis management, etc.

a. Market risk

Market risk management of transactions is conducted through policies, control procedures and previous identification of risks in new products and activities, aiming at maintaining market risk exposure at levels considered acceptable by the institution and complying with the business strategy and limits defined by the Risk Committee. After rules are formalized, Risk Department intends to control, monitor and ensure compliance with pre-established limits, and may refuse to receive and/or conduct requested transactions, fully or partially, through immediate communication to clients, in addition to intervening in case of non-compliance. It will report to the Committee all atypical events. Complete description of market risk management structure is available at the institution's head office.

b. Liquidity risk

Liquidity Risk Management Policy was established based on Central Bank of Brazil's guidelines, seeking to make management permanently adequate to operation's nature, to complexity of products, and to dimension of exposure to the Institution's liquidity risk. Liquidity risk management process provides procedures for identification, measurement and control of liquidity risk exposure taking into consideration current market conditions and projections for preparation of cash flow scenarios at different time situations, including intraday. Complete description of liquidity risk management structure is available at the Institution's head office.

c. Operating risk

The Company, in compliance with provisions of Article 4, paragraph 2, of the National Monetary Council (CMN) Resolution n. 3380/2006, of June 27, 2006, has a structure of operating risk management that encompasses preparation of institutional policies, evaluation and monitoring of processes and procedures for risk mitigation, contingency plans and strategies to ensure business as a going concern, in addition to formalization of a single structure required by regulatory agency. Complete description of operating risk management structure is available at the Institution's head office.

Rio de Janeiro, March 23, 2016.
Executive Board.

Members of the Executive Board

Julio Capua Ramos da Silva
Guilherme Dias Fernandes Benchimol

Jairo Luiz de Araujo Brito
Accountant
CRC RJ-110743/O-4



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Independent auditors' report on the financial statements

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

We have examined the accompanying financial statements of XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A. ("Company"), which comprise the balance sheet as at December 31, 2015 and the related statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year and six-month period then ended, comprising a summary of the significant accounting practices and other explanatory notes.

Management's responsibility for the financial statements

The Company's Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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, undertaken in accordance with Brazilian and international auditing standards. These standards require compliance with ethical requirements by the auditors and that the audit be planned and executed with the objective of obtaining reasonable assurance that the financial statements are free from significant distortions.

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 Company'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 Company'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 of December 31, 2015, the performance of its operations and its cash flows, for the year and six-month period then ended, in conformity with Brazilian accounting practices, applicable to institutions authorized to operate by the Central Bank of Brazil.

São Paulo, March 23, 2015

KPMG Auditores Independentes
CRC 2SP014428/O-6
Original in Portuguese signed by
Marco André C. Almeida
Accountant CRC RJ-083701/O-0

João Paulo Dal Poz Alouche
Accountant CRC 1SP245785/O-2

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Balance sheets as at December 31, 2015 and 2014
(In thousands of Reais)

Assets	Note	2015	2014
Current assets		2,216,688	1,861,080
Cash and cash equivalents	4	2,067	5,222
Repurchase agreements	4, 5a	419,531	131,156
Money market investments		419,531	131,156
Securities and derivative financial instruments	6a	608,966	517,324
Own portfolio		361,734	308,087
Subject to repurchase agreements		1,851	3,453
Derivative financial instruments		339	-
Subject to guarantees provided		245,042	205,784
Loan operations		420	574
Financing - securities		420	574
Other receivables		1,168,471	1,201,164
Foreign Exchange portfolio		23,821	-
Income receivable	8	5,813	6,002
Securities clearing accounts	9a	1,075,349	1,122,804
Allowance for doubtful receivables		(674)	-
Taxes and contributions recoverable	9b	19,999	15,647
Tax credits	13	30,389	32,299
Other	9b	13,774	24,412
Other assets		17,233	5,640
Prepaid expenses	11	17,233	5,640
Non-current assets		243,750	101,210
Other receivables		49,599	68,135
Tax credits	13	49,599	68,135
Other assets		27,725	11,174
Prepaid expenses	11	27,725	11,174
Fixed assets		166,426	21,901
Investments		130,725	-
Property, plant and equipment for use	12a	15,622	13,169
Intangible assets	12b	20,079	8,732
Total assets		2,460,438	1,962,290

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A.
Balance sheets as at December 31, 2015 and 2014
(In thousands of Reais)

Liabilities	Note	2015	2014
Current liabilities		2,024,399	1,579,835
Money market borrowings		262,168	3,448
Own portfolio		1,851	3,448
Third parties' portfolio		260,317	-
Derivative financial instruments		322	-
Derivative financial instruments		322	-
Other liabilities		1,761,909	1,576,387
Collection and levy of taxes and alike		55	33
Foreign Exchange portfolio		23,821	-
Social and statutory		66,728	34,324
Tax and social security	10	9,659	5,693
Securities clearing accounts	9a	1,622,262	1,516,065
Other	9b	39,384	20,272
Deferred income		325	423
Shareholders' equity	14	435,714	382,032
Capital			
Domestic		232,834	79,509
Capital increase (pending approval)		55,211	153,325
Capital reserves		120,247	120,247
Profit reserves		27,428	28,951
Equity valuation adjustments		(6)	-
Total liabilities		2,460,438	1,962,290

See the accompanying notes to the financial statements.

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

Statements of income

for the six-month period ended December 31, 2015, and for the years ended December 31, 2015 and 2014

(In thousands of Reais)

	Note	2015		2014
		Six-month period	Year	Year
Financial intermediation income		130,204	242,479	131,841
Securities	5b, 6c	130,158	242,433	131,841
Income from foreign exchange operations		46	46	-
Financial intermediation expenses		(1)	(9,315)	(5,899)
Loans and onlendings		(17)	(33)	(33)
Income from derivative financial instruments	7	690	(8,608)	(5,866)
Allowance for doubtful receivables		(674)	(674)	-
Gross income (loss) from financial intermediation		130,203	233,164	125,942
Other operating income/(expenses)		(21,007)	(27,532)	(35,619)
Service income	15	173,421	319,420	240,543
Personnel expenses		(24,797)	(49,099)	(55,062)
Other administrative expenses	18	(142,090)	(252,323)	(188,074)
Equity income		2,382	2,382	-
Tax expenses		(24,749)	(44,577)	(26,949)
Other operating income	16	5,483	11,255	5,700
Other operating expenses	17	(10,657)	(14,590)	(11,777)
Operating income		109,196	205,632	90,323
Non-operating income		(54)	(184)	(673)
Income before taxation and profit sharing		109,142	205,448	89,650
Income and social contribution taxes	13d	(14,787)	(40,881)	(18,368)
Provision for income tax		(5,011)	(12,437)	223
Provision for social contribution		(3,407)	(7,980)	134
Deferred tax assets		(6,369)	(20,464)	(18,725)
Profit sharing	22	(46,728)	(77,346)	(44,943)
Net income for the six-month period/year		47,627	87,221	26,339
Net earnings per share:		0.02	0.03	0.01

See the accompanying notes to the financial statements.

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

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

Statement of changes in shareholders' equity

for the six-month period ended December 31, 2015, and for the years ended December 31, 2015 and 2014

(In thousands of Reais)

	Capital	Capital Increase	Capital Reserve	Valuation adjustment	Profit reserve		Retained earnings	Total
					Legal reserve	Statutory reserve		
Balances at December 31, 2013	79,509	153,325	120,247	-	3,201	31,557	-	387,839
Net income for the year	-	-	-	-	-	-	26,339	26,339
Distribution of profit								
Payment of dividends	-	-	-	-	-	(25,891)	(6,255)	(32,146)
Formation of reserves	-	-	-	-	1,317	18,767	(20,084)	-
Balances at December 31, 2014	79,509	153,325	120,247	-	4,518	24,433	-	382,032
Balances at December 31, 2014	79,509	153,325	120,247	-	4,518	24,433	-	382,032
Approved Capital Increase (note 14b)	153,325	(153,325)	-	-	-	-	-	-
Capital Increase (note 14b)	-	55,211	-	-	-	-	-	55,211
Market adjustment - Securities available for sale (equity pick-up)	-	-	-	(6)	-	-	-	(6)
Net income for the year	-	-	-	-	-	-	87,221	87,221
Distribution of profit								
Payment of dividends	-	-	-	-	-	(24,433)	(64,311)	(88,744)
Formation of reserves	-	-	-	-	4,361	18,549	(22,910)	-
Balances at December 31, 2015	232,834	55,211	120,247	(6)	8,879	18,549	-	435,714
Changes in the year	153,325	(98,114)	-	(6)	4,361	(5,884)	-	53,682
Balances at December 31, 2015	232,834	-	120,247	-	6,498	48,303	-	407,882
Capital Increase	-	55,211	-	-	-	-	-	55,211
Net income for the six-month period	-	-	-	-	-	-	47,627	47,627
Market adjustment - Securities available for sale (equity pick-up)	-	-	-	(6)	-	-	-	(6)
Distribution of profit								
Payment of dividends	-	-	-	-	-	(10,689)	(64,311)	(75,000)
Formation of reserves	-	-	-	-	2,381	(19,065)	16,684	-
Balances at December 31, 2015	232,834	55,211	120,247	(6)	8,879	18,549	-	435,714
Changes in the six-month period	-	55,211	-	(6)	2,381	(29,754)	-	27,832

See the accompanying notes to the financial statements

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

Statements of cash flows

for the six-month period ended December 31, 2015, and for the years ended December 31, 2015 and 2014

(In thousands of Reais)

	2015		2014
	Six-month period	Year	Year
Cash flow from operating activities			
Net income for the six-month period/year	47,627	87,221	26,339
Adjustments to net income:			
Provisions for current and deferred income and social contribution taxes	14,787	40,881	18,368
Provision for contingencies	450	1,045	813
Allowance for doubtful receivables	674	674	
Depreciation and amortization	2,957	5,186	4,473
Profit sharing	46,728	77,346	44,943
Equity income	2,382	2,382	-
Adjusted net income	115,605	214,735	94,936
Other adjustments to net income:			
Income and social contribution taxes paid	(17,107)	(26,810)	(5,639)
Profit sharing paid	(30,618)	(58,687)	(33,128)
Changes in operating assets and liabilities:	397,460	341,607	(31,151)
Securities and derivative financial instruments	7,823	(91,648)	(22,593)
Loan operations	195	154	-
Securities clearing accounts	91,478	153,078	12,443
Other assets	(15,726)	(41,531)	(7,718)
Money market borrowings	259,492	258,720	-
Social and statutory	20,000	13,744	(11,815)
Tax and social security	19,724	30,776	(11,204)
Other liabilities	14,523	18,412	10,159
Deferred income	(49)	(98)	(423)
Net cash applied to operational activities	465,340	470,845	25,018
Cash flow from investment activities			
Acquisition/(Reduction) of investments	(133,107)	(133,107)	-
Acquisition of property, plant and equipment	(5,192)	(7,531)	(2,458)
Disposals of property, plant and equipment	1,289	1,752	374
Acquisition of intangible assets	(12,483)	(14,005)	(7,147)
Disposal of intangible assets	515	799	1,252
Net cash derived from investment activities	(148,978)	(152,092)	(7,979)
Cash flow from financing activities			
Capital increase	55,211	55,211	-
Dividends paid	(75,000)	(88,744)	(32,450)
Net cash used in financing activities	(19,789)	(33,533)	(32,450)
Increase/(Reduction) in cash and cash equivalents	296,573	285,220	(15,411)
Cash and cash equivalents at the beginning of the six-month period/year	125,025	136,378	151,789
Cash and cash equivalents at the end of the six-month period/year	421,598	421,598	136,378

See the accompanying notes to the financial statements.

Notes to the financial statements

(In thousands of Reais, unless otherwise stated)

1 Operations

XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários S.A ("Company") is a privately-held organization headquartered at Avenida das Américas 3.434, bloco 7 - 2° andar, Barra da Tijuca, Rio de Janeiro engaged in conducting transactions within the ambit of BM&FBOVESPA S.A - Bolsa de Valores, Mercadorias e Futuros ("BM&FBOVESPA S.A") on its own and on behalf of third parties, in addition to managing investment club portfolios.

The Company's final parent company is XP Controle Participações S.A., which indirectly holds 53.7483% (2014: 55.7590%) of the Company's capital.

2 Presentation of the financial statements

a. Statement of conformity

The Company's Financial Statements are Management's responsibility, 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 being presented in conformity with the Accounting Chart for National Financial Institutions (COSIF).

In order to be in accordance with the international accounting standards, the Brazilian Accounting Pronouncements Committee (CPC) issued some standards and their respective interpretations, which will be applicable to financial institutions only when approved by BACEN. The accounting pronouncements already approved and adopted by BACEN are:

- CMN Resolution No. 3566/08 - Impairment of assets (CPC 01).
- CMN Resolution No. 3604/88 – Statements of Cash Flows (CPC 03).
- CMN Resolution No. 3750/09 - Disclosure of related parties (CPC 05).
- CMN Resolution No. 3823/09 - Provisions, Contingent Liabilities and Assets (CPC 25).
- CMN Resolution No. 3973/11 – Subsequent Events (CPC 24).
- Resolution No. 3989/11 - Share-based payment (CPC 10).
- Resolution No. 4007/11 - Accounting Policies, Changes in Accounting Estimates of Errors (CPC 23).
- Resolution No. 4144/12 – Basic conceptual pronouncement (R1) issued by the Brazilian Accounting Pronouncements Committee (CPC) applicable whenever it is not in conflict with standards issued by the National Monetary Council (CMN) or by the Central Bank of Brazil (BACEN).

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

These financial statements were authorized to be issued by the Company's management on March 23, 2016.

3 Description of significant accounting policies

a. Statement of income

Operating income (expense) are recognized on accrual basis of accounting.

b. Current and non-current assets

Cash and cash equivalents

Cash and cash equivalents include cash available and any other short-term highly liquid investments that are readily convertible into a known cash amount and not subject to a significant risk of change in value, as well as those held for the purpose of complying with short-term cash commitments and not for investment or other purposes.

Transactions are considered as short-term when they mature in three months or less, counted as of acquisition date.

Repurchase agreements

Recorded at cost of investment or acquisition, plus income accrued up to the balance sheet date.

Securities

Classified based on criteria for accounting and evaluation of securities portfolio defined by BACEN Circular n. 3068/01 in accordance with Management's intention into three specific categories, complying with the following accounting criteria:

Trading securities - Securities acquired for the purpose of being frequently and actively negotiated, adjusted to market value with the corresponding entry to the profit and loss.

Securities available for sale - Securities that are not classified as "trading" or "held to maturity". These securities are adjusted to market value, and the restatement, net of tax effects, is recorded in a separate shareholders' equity account. Realized gains and losses are recognized in profit and loss.

Securities held to maturity - Securities for which Management has the intention and the financial capacity to maintain in portfolio to maturity are accounted for at acquisition cost, plus income earned, with the corresponding entry to the profit and loss.

Derivative financial instruments (assets and liabilities)

Derivative transactions of the Company are recorded in balance sheet and contracts' base amount is recorded in a memorandum accounts. Futures contract adjustments are calculated on a daily basis per type of asset and respective maturity and recognized in income for the period. Forward transactions are recorded at the spot market quoted value, and amounts payable or receivable are scheduled for a future date and adjusted to present value. Option premiums are accounted for at cost and mark-to-market.

Share loans and short position in shares

Share loan (borrowing position) and short position in shares are carried out at the Stock and Mercantile Exchange (BM&FBOVESPA) and are evaluated at respective assets' closing market sales prices, based on data disclosed by several class associations and stock, commodities and futures exchange, plus commissions and financial costs and charges incurred up to balance sheet date, when applicable. Interest deriving from rent of shares are recognized in a specific account in income.

Allowance for doubtful receivables

The allowance for doubtful receivables is recognized in an amount considered sufficient to absorb any losses on its implementation and its provision set out, according to the requirements of Resolution n. 2682/99 of the Central Bank of Brazil.

Securities clearing account (amounts payable and receivable)

Represented by transactions in the Stock and Mercantile Exchange, by order of third parties. Brokerage fees for these transactions are classified as income, and service provision expenses are recognized upon transactions occurrence.

This accounting group is subdivided into the following captions:

- Clearinghouse transactions – represented by recording of transactions carried out in stock exchanges on its own and on behalf of clients;
- Debtors/ creditors pending settlement account – represented by clients' debt or credit balances, in view of transactions with fixed income securities, shares, commodities and financial assets pending settlement on balance sheet date

Clients' deposits due to stock exchange and investment transactions

Represented by clients' deposits deriving from stock exchange and investment transactions to be carried out with the Company. They are presented at effective deposit value less payments already made referring to stock exchange and investments, not subject to inflation adjustment.

c. Measuring of market value

Methodology applied to measure market value (probable realization value) of securities and derivative financial instruments is based on economic scenario and pricing models developed by Management, which include capturing average prices practiced in the market, data disclosed by several class associations, stock exchanges and commodities and futures exchanges applicable on balance sheet base date. Therefore, upon effective financial settlement of these items, results may differ from estimates.

d. Prepaid expenses

Refer to amounts paid whose benefit rights or service provision will occur in the future; they are recorded in assets and recognized in income at the accrual basis.

e. Other assets and non-current assets

Are presented at cost, including, when applicable, accrued income and monetary variations, less the corresponding provisions for losses or adjustments.

f. Permanent

Investments

Investments in subsidiaries are accounted for under the equity method, and recorded as an income of participation. The goodwill resulting from the business combination is demonstrated by its cost value. The goodwill will be amortized until 7 years, observed the expectation of future results and are subject to the assessment of the recoverable amount in annual periods or when there is indication of loss of value.

Property, plant and equipment

Recorded at the cost of acquisition. Depreciation is calculated at the straight-line basis at annual rates in accordance with Brazilian Federal Revenue Regulatory Instruction n. 162/98.

Deferred assets

Deferred organization and expansion costs correspond basically to leasehold improvements and acquisition of software programs and are stated at acquisition and formation cost less amortization calculated under the straight-line method at rates based on intangible assets' useful lives or rent period.

In accordance with CMN Resolution n. 3617/08, deferred income account was discontinued, permitting permanence of balances existing on September 30, 2008 up to its effective write-off.

Intangible assets

Comprised of software acquired from third parties and produced internally, measured at acquisition cost less accumulated amortization. Amortization is calculated by the straight-line method at annual rates which reflect the estimated useful life.

g. Impairment

CPC 01 (R1) – Asset Impairment establishes the necessity of entities performing a periodic analysis to verify impairment level, which is mainly applicable to the Company's prepaid expenses and property, plant and equipment, deferred assets and intangible assets.

Non-financial asset impairment is recognized when the accounting value of an asset or of a cash generating unit is higher than its recoverable or realization value, it is recognized as loss. A cash generating unit is the smallest identifiable group of assets which generates cash flows substantially independent from other assets or groups of assets. Impairment losses, when applicable, are recorded in income for the period in which they were identified.

The book values of the non-financial assets are regularly reviewed at least once a year for indication of impairment or realization of those assets.

Accordingly, in compliance with related standards, Management is not aware of any relevant adjustment that may affect the capacity of recovering amounts recognized in prepaid expenses and in property, plant and equipment, deferred assets and intangible assets on December 31, 2015 and 2014.

h. Current and non-current liabilities

Stated at known or calculable amounts, plus, when applicable, the corresponding charges and monetary and exchange variations incurred through the balance sheet date.

i. Contingent assets and liabilities, provisions and legal obligations

Contingent assets and liabilities and legal obligation 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 – risks are 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 cannot be measured reliably. Provisions are accrued for proceedings classified by legal counselors as posing a risk of probable loss and disclosed in notes to the financial statements.
- Contingent liabilities – are uncertain and depend on future events to determine if there is likelihood of disbursement; therefore, provisions are not recorded for them, but they are disclosed if classified as possible loss, and a provision is not recorded nor are they disclosed if classified as remote loss.
- Legal obligations (tax and social security) - refer to lawsuits challenging the legality and constitutionality of the federal taxes. Discussed amount is quantified, adjusted on a monthly basis and a provision is recorded for it.

j. Income and social contribution taxes

The provision for income tax, when applicable, is recorded based on taxable income, at the rate of 15%, plus a surcharge of 10% on annual taxable income in excess of R\$ 240.

On October 6, 2015, was published the law n. 13169 through conversion of provisional measure n. 675, which raised the rate of Social contribution on net profits -CSLL, from 15% to 20% over taxable income generated in the period from September 1, 2015 to December 31 2018 and 15% after January 1, 2019, in relation to financial institutions, private insurance companies, capitalization companies and those referred to in subparagraphs I to VII, IX and X of paragraph 1 of article 1 of the Supplementary Law n. 105, from January 10, 2001.

Deferred taxes have been recognized on temporary differences, based on income tax rate of 25% and adjusted to the social contribution of 20% (15% in December 31, 2014), since the provision of taxable profits will lead to realization of total tax credit until the date preceding the effective period of the rate of 20%.

k. Accounting estimates

The preparation of the financial statements in accordance with accounting practices adopted in Brazil requires that management uses its judgment in determining and recording accounting estimates. Significant assets and liabilities subject to these estimates and assumptions include provision for contingencies and valuation of securities and derivative financial instruments. The settlement of transactions involving these estimates may result in different amounts due to the lack of precision inherent to the process of their determination. The Company reviews the estimates and assumptions periodically.

l. Earnings per share

Income per share presented in the statement of income is calculated based on the number of outstanding shares on balance sheet date.

4 Cash and cash equivalents

	2015	2014
Cash and cash equivalents	2,067	5,222
Repurchase agreements ⁽¹⁾	419,531	131,156
Total	421,598	136,378

⁽¹⁾ In December 2014, an amount of R\$131,156 was reclassified from caption "Repurchase Agreements" to "Cash and cash equivalents" to better reflect assets liquidity.

5 Repurchase Agreements

a. Money market investments

	2015	2014
Own portfolio	159,214	131,156
National treasury bills	89,061	96,126
National Treasury Notes - B Series	30,244	35,030
Debentures	39,909	-
Financed position	260,317	-
National treasury bills	260,317	-
Total	419,531	131,156

Interbank investments in the open market on December 31, 2015 mature in the first business day of subsequent month and were practiced at fixed average rate of 14.11% p.a. (2014: 11.61% p.a.).

b. Income (loss) from short-term interbank investments

Classified in the statement of income as Securities income:

	Six-month period	2015 Year	2014 Year
Own portfolio	7,747	17,258	16,575
National treasury bills	4,999	11,367	10,403
National treasury notes	2,051	4,442	4,336
Financial treasury bills	697	1,449	1,836
Financed position	1,678	1,678	-
National treasury bills	1	1	-
Financial treasury bills	627	627	-
National treasury notes	1,050	1,050	-
Total	9,425	18,936	16,575

6 Securities and derivative financial instruments

a. Asset position

	2015		2014	
	Cost	Market Value	Cost	Market Value
Own portfolio	183,250	182,496	40,052	40,048
Fixed income securities	182,047	181,334	39,477	39,468
National treasury bills	2,536	2,514	1,488	1,484
Financial treasury bills	129,656	129,675	17,650	17,644
National Treasury Notes - B Series	7,086	7,019	1,307	1,114
National Treasury Notes - F Series	280	348	256	450
Bank deposit certificates	11,314	11,314	6,276	6,276
Certificates of receivables - Real Estate	-	-	3,981	3,981
Bills of exchange	96	96	25	25
Certificates of receivables - Agribusiness	3,655	3,404	8,243	8,243
Agribusiness credit bills	469	469	50	50
Debentures	26,955	26,495	201	201

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Shares	1,203	1,162	575	580
Stocks of listed companies	148	137	66	64
Stocks lending-lender	1,055	1,025	509	516
Investment Fund Shares	179,238	179,238	268,039	268,039
Fixed income investment funds	-	-	2,274	2,274
Multimarket investment funds	179,172	179,172	265,697	265,697
Funcine	66	66	68	68
Subject to repurchase commitments	1,851	1,851	3,453	3,453
Fixed income securities	1,851	1,851	3,453	3,453
Financial treasury bills	1,851	1,851	3,453	3,453
Subject to guarantees provided	245,008	245,042	205,855	205,784
Fixed income securities	245,008	245,042	205,855	205,784
Financial treasury bills	245,008	245,042	205,855	205,784
Derivative financial instruments	339	339	-	-
Swap	327	327	-	-
Forward	12	12	-	-
Current assets	609,686	608,966	517,399	517,324

Securities classified as Trading Securities with a maturity of more than 12 months are classified in the current assets as determined by BACEN Circular n. 3068/01.

Securities' market value is based on price quotation on balance sheet date. If no market price quotation is available, the values are estimated based on quotations from distributors or pricing models.

Securities, including derivatives and interbank funds applied are under the custody of CBLIC, CETIP, SELIC or BM&FBOVESPA S.A., except investment fund quotas whose records are maintained by respective Registrar and Transfer Agents.

b. Liability position

	2015		2014	
	Cost	Market Value	Cost	Market Value
Shares				
Stocks of listed companies	7	7	748	775
Stock lending – borrowing position	1,826	1,025	509	516
Derivative financial instruments				
Swap	322	322	-	-
Current liabilities	2,155	1,354	1,257	1,291

Shares short position and borrowing of shares are presented in liabilities Other Obligations – Negotiation and Intermediation of Amounts – note 9.a.

Borrowing of shares refers to transactions with floating securities classified in current liabilities under account "Negotiation and intermediation of amounts". Obligations were measured at average securities quotations disclosed by BM&FBOVESPA on the balance sheet date.

c. **Securities income**

	Six-month period	2015	2014
		Year	Year
Income from securities			
Fixed income securities	95,810	154,781	61,736
Shares of listed companies	565	248	(1,172)
Investment funds	24,358	68,468	54,702
Total	120,733	223,497	115,266

7 **Derivative financial instruments**

Derivative contracts have their notional amounts recorded in memorandum accounts and gains and losses recorded in the statement of income.

Market value of derivatives, composed of futures, options and forward transactions, are recorded under the following criteria:

- **Futures** - based on adjustments recognized/paid on a daily basis.
- **Forward** - at the spot market quoted value, and amounts payable or receivable are scheduled for a future date adjusted to present value based on market rates disclosed by BM&FBOVESPA S.A.
- **Options** - average trading price on the calculation date or, when not available, based on the pricing models.
- **Swap** - by the discounted cash flow method, whose discount cups used are disclosed by BMF BOVESPA & S.A.

On December 31, 2015, the Company has derivatives amounting to R\$339 (nil in 2014) on assets and R\$ 322 (nil in 2014) on liabilities.

	12/31/2015		
	Market Value	Notional	Maturity
Assets			
Swap			
IPCA x CDI	230	7,000	Over 12 months
IGPM x CDI	97	50,000	Over 12 months
Forward			
Shares	12	12	Up to 3 months
Derivative financial instruments	339		
Liabilities			
Swap			
SWAP_CDI x IPCA	(225)	6,500	Over 12 months
SWAP_CDI x IGPM	(97)	50,000	Over 12 months
Derivative financial instruments	(322)		

The values of net revenue and expenses with derivative financial instruments in the years are shown below:

	Six-month period	2015	2014
		Year	Year
Derivative financial instruments			
Options	(162)	112	(401)
Futures	847	(8,725)	(5,455)
Forward transactions	-	-	(10)
Swap	5	5	-
Total	690	(8,608)	(5,866)

8 **Income receivable**

	2015	2014
Management and performance fee	3,122	3,249
Custody fee	699	516
Commissions receivable	1,320	2,130
Other receivables	672	107
Total	5,813	6,002

Amounts receivable refer substantially to provision of services and are realized at an average of 30 days. Balances receivable are not concentrated on December 31, 2015 and 2014.

9 Other receivables and liabilities

a. Securities clearing accounts

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Clearing house transactions	966,194	915,428	1,026,520	1,010,679
Debtors/creditors of outstanding settlements	107,880	691,482	92,236	502,511
Commissions and brokerage fees payable	-	14,320	-	1,584
Stock loan creditors (Note 6b)	1,275	1,025	3,256	516
Shares of publicly-held companies – short position (note 6b)	-	7	575	775
Other	-	-	217	-
Total	1,075,349	1,622,262	1,122,804	1,516,065

b. Sundry and taxes to offset

	2015	2014
Assets		
Salary advances	7	58
Advances to payments of our account	1,033	586
Advances on account of property, plant and equipment	283	409
Acknowledgment of debt with independent financial advisers	1,994	1,939
Debtors in purchase of assets	28	28
Debtors for deposits in guarantee	1,912	1,959
Amounts receivable from related parties (Note 21)	3,062	2,979
Reimbursement of fund expense	2,312	2,275
Other credits receivable	3,143	14,179
Total other receivables – sundry	13,774	24,412
Taxes and contributions recoverable ⁽ⁱ⁾	19,999	15,647
Total	33,773	40,059
	2015	2014
Liabilities		
Acquisition of assets and rights ⁽ⁱⁱⁱ⁾	17,646	-
Personnel expenses payable	2,460	3,489
Amounts payable - Related parties (Note 21)	1,592	720
Provision for claims (Note 20)	2,504	2,087
Sundry creditors	29	2
Liability interest ⁽ⁱⁱⁱ⁾	15,153	13,974
Total	39,384	20,272

⁽ⁱ⁾ Refer mainly to unused amounts for income tax and social contribution for years 2014, 2013, 2012 and 2011 of R\$19,890 (R\$15,443 on December 31, 2014). Include, also, taxes to offset (PIS, COFINS, CIDE, ISS) in the amount of R\$109 (R\$204 on December 31, 2014).

⁽ⁱⁱ⁾ Refer to the provision of additional earn-out portion of Clear Investimentos' acquisition, amounting to R\$ 10,730 and provision for the agreement to transfer a customer base from Um Investimentos in the amount of R\$ 6.916, both subject to the achievement of certain goals.

⁽ⁱⁱⁱ⁾ Refer, basically, to amounts recorded as provision for independent investment agents, and suppliers in domestic and foreign currency amounting to R\$11,520 (R\$11,935 on December 31, 2014), and other administration expenses in the amount of R\$3,633 (R\$2,039 on December 31, 2014).

10 Other liabilities - Tax and Social security

	<u>2015</u>	<u>2014</u>
Deferred income and social contribution taxes	26	-
Taxes and contributions on outsourced services	1,856	935
Taxes and contributions on salaries	1,393	1,376
Other ⁽ⁱ⁾	6,384	3,382
Total current	<u>9,659</u>	<u>5,693</u>

⁽ⁱ⁾ Refers substantially to ISS, PIS and Cofins payable .

11 Other assets

On April 1, 2011, the Company contracted Wolwacz & Ruschel Ltda. ("WR") - company that operates in the Education area offering courses related to financial market themes – to promote educational events related to its operation. Events include, but are not limited to, courses, seminars, workshops and lectures. Execution includes WR creating, promoting and organizing the Event with all inherent costs.

In addition to these services, WR provides projects of operating strategies for variable income market that may be included as home broker tools to be used by all clients of the Company. In addition, its educational services include publicizing the Company brand and its indication to participants of courses promoted by WR that are interest in carrying out transactions in the financial market.

According to the contract, the Company paid the amount of R\$5,250, which is being amortized over contract validity, i.e. ten years.

During the first semester of 2014, the Company implemented a campaign with its independent financial advisers' network to encourage development of new clients (Pan – Program for acceleration of businesses), offering prepaid remuneration to increase raising of funds and, accordingly, increase income that will be generated by these investments over time.

This campaign proposes payment of financial incentive to activate new accounts and increase custody. Management understands that these amounts are characterized as part of independent agents' remuneration and, accordingly, are classified as prepaid expenses and, in accordance with technical study, are being recognized in income over four years on a straight-line basis.

Consolidated breakdown of prepaid expenses is as follows:

	<u>2015</u>	<u>2014</u>
Wolwacz & Ruschel Ltda.	2,888	3,413
Use licenses ^(a)	10,906	2,210
Pan – Program for acceleration of businesses	19,598	11,123
Prepaid expenses ^(b)	11,566	68
Total	<u>44,958</u>	<u>16,814</u>
Short term	17,233	5,640
Long term	27,725	11,174
Total	<u>44,958</u>	<u>16,814</u>

^(a) Refer to contracts for software license of use whose term is up to one year.

^(b) In December 2015, includes prepaid expenses referring to contracting of new traders whose contract term is up to three years.

12 Permanent assets

a. Investments

Company					2015
	Participation	Equity	Goodwill ⁽¹⁾	Total Investments	Income
Clear CTVM	100.00%	26,561	104,164	130,725	2,382

On 24 July 2014, XP Investimentos Corretora de Câmbio, Títulos e Valores Mobiliários ("XPI") entered into an agreement of purchase and sale of Shares and Other Covenants ("Contract") with the shareholders of Clear Corretora de Títulos e Valores Mobiliários ("Clear"), added on September 2015 29 and on 30 December 2015, to regulate the acquisition of all the shares issued by Clear ("Operation"), being such operation conditional on obtaining approval by the Central Bank of Brazil.

The Central Bank of Brazil sent an official release to XPI on September 3 2015, approving the completion of all necessary arrangements for the closure of the operation. With this preliminary approval, on 29 September 2015, the operation was concluded with the subsequent payment of the base price of R\$ 55,000, adjusted by DI tax rate, since July 24 2014 until September 3, 2015, becoming Clear a wholly owned subsidiary of XPI. Continuous Act, Clear shareholders became shareholders of XP Controle Participações SA, indirect controller of the XPI.

After closing, the Central Bank of Brazil approved the operation on December 18, 2015, as published in the Official Gazette No. 243 of 21 December 2015, Section 3, page 99.

In addition to the base price and as provided for in the contract and subsequent additives, on 30 December 2015, XPI paid supplement to the total base adjusted price of R\$ 53,087 to the Clear shareholders. The base price may be additional surcharge depending on the achievement of certain goals, so that was accounted in December 31, 2015 the estimated fair value of this provision of R\$ 10,730, as described in note 9. (b) (ii).

(1) The intangible assets identified and their amortization periods are: client relationship amounting to R\$ 11,078 (20 months), Technology amounting to R\$ 209 (36 months), Brand amounting R\$ 1,877 (240 months) and goodwill for future profitability amounting to R\$ 91,000 (until 2022).

b. Property, plant and equipment for use

	Data processing system	Machinery and equipment	Security system	Vehicles	Facilities	Total
Balance at 12/31/2014	4,915	5,101	607	-	2,547	13,170
Additions	3,921	797	10	-	2,803	7,531
Disposals	(1,343)	(279)	(11)	-	(119)	(1,752)
Transfers	23	16	-	-	53	92
Depreciation in the period	(2,091)	(943)	(73)	-	(312)	(3,419)
Balance at 12/31/2015	5,425	4,692	533	-	4,972	15,622
Balance at 12/31/2013	5,920	5,720	664	25	2,143	14,472
Additions	1,192	446	17	-	804	2,459
Disposals	(11)	(197)	-	(24)	(142)	(374)
Depreciation in the period	(2,186)	(868)	(74)	(1)	(259)	(3,388)
Balance at 12/31/2014	4,915	5,101	607	-	2,546	13,169
Fiscal useful life (in years)	5	10	5	5	10	
Depreciation rate p.a.	20%	10%	20%	20%	10%	

c. Intangible assets

	2015	2014
Opening balance	8,732	3,923
Additions	14,005	7,147
Disposals	(799)	(1,252)
Transfers	(92)	-
Accumulated amortization	(1,767)	(1,086)
Closing balance	20,079	8,732

On November 24, 2015 XP signed an Agreement transferring the clients list of UM Investimentos, company that operates in the same segment, whose contract has for object the transfer of UM's client list for XP, along with the corresponding assets under custody, including all rights related to such customers.

The contractual terms were agreed in order to achieve the mentioned transfer of client list, having expressed non-compete clause, in addition to compromise on the whole process of client's list migration. In contrast to the transfer of the aforementioned customer base, XP has undertaken to pay the value of R\$ 10,916, which will be amortized over the period of 43 months.

13 Income and social contribution taxes

a) Deferred taxes

As established by Resolution n. 3,059/02, changed by Resolution n. 3,355/06, both from BACEN, the Company recognizes its deferred tax assets and liabilities ("tax credits" and "deferred tax obligations") deriving from temporary differences complying with the following conditions: (i) presentation of profit or taxable income history for the purpose of income tax and social contribution on net income, proven by occurrence of these situations in, at least, three of the last five years, period that should include current year; and (ii) expected generation of future income or taxable income for income tax and social contribution on net income purposes, in subsequent periods, based on internal technical study that demonstrates likelihood of occurrence of future obligations with taxes and contributions that permit realization of tax credit in at most ten years.

b) **Origin of tax credits and deferred tax liabilities**

	Balance at 12/31/2014	Formation	(Realization)	Balance at 12/31/2015
Deferred income and social contribution taxes on:				
Provisions for agents' commissions and bonuses	4,401	1,371	(4,401)	1,371
Adjustment to market value of securities and derivative financial instruments	69	660	(69)	660
Tax credit deriving from goodwill upon acquisition of investments	92,182	9,519	(25,049)	76,652
Tax loss and negative social contribution basis	3,605	-	(3,605)	-
Other	195	1,110	-	1,305
Total tax credits on temporary differences	100,452	12,660	(33,124)	79,988
Current	32,299			30,389
Non-current	68,135			49,599
Total	100,434			79,988
Deferred tax liabilities				
Deferred income and social contribution taxes on:				
Adjustment to market value of securities and derivative financial instruments	18	25	(18)	25
Total deferred tax liabilities	18	25	(18)	25
Total net tax credit assets of deferred tax obligations	100,434	12,635	(33,106)	79,963
	Balance at 12/31/2013	Formation	(Realization)	Balance at 12/31/2014
Deferred income and social contribution taxes on:				
Provisions for agents' commissions and bonuses	2,853	4,401	(2,853)	4,401
Adjustment to market value of securities and derivative financial instruments	94	69	(94)	69
Tax credit deriving from goodwill upon acquisition of investments	116,229	-	(24,047)	92,182
Tax loss and negative social contribution basis	-	3,605	-	3,605
Total tax credits on temporary differences	-	195	-	195
	119,176	8,270	(26,994)	100,452
Current				32,299
Non-current				68,135
Total				100,434

Deferred tax liabilities

Deferred income and social contribution

taxes on:

Mark-to-market - Securities
and derivative financial instruments

374	18	(374)	18
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Total deferred tax liabilities

<u>374</u>	<u>18</u>	<u>(374)</u>	<u>18</u>
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**Total net tax credit assets
of deferred tax obligations**

<u>118,802</u>	<u>8,252</u>	<u>(26,620)</u>	<u>100,434</u>
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Considering the temporary effects brought by law n. 13169/15, which increased the rate of social contribution to 20% until December 31, 2018, the tax credits were accounted for based on the expectation of their realization. The effect on the income was R\$ 9,778.

(c) Expected realization of tax credit assets

	Timing differences		Total deferred taxes
	Income tax	Social contribution	
Up to 1 year	16,883	13,506	30,389
1-2 years	15,030	12,024	27,054
2-3 years	12,525	10,020	22,545
Total	<u>44,438</u>	<u>35,550</u>	<u>79,988</u>
Adjusted total	<u>37,149</u>	<u>29,719</u>	<u>66,868</u>

Total recognized tax credits are R\$79,988 (R\$100,434 on December 31, 2014), and were calculated based on expected realization of temporary differences presented in the prior chart.

Income projections that permit generation of taxable calculation basis consider macro-economic assumptions, foreign exchange and interest rates, and estimated new financial transactions, among others, which may significantly vary in relation to effective data and values.

(d) Reconciliation of income and social contribution taxes

Reconciliation of consolidated income and social contribution taxes:

	2015	2014
Income before taxation and profit sharing	<u>205,448</u>	<u>89,650</u>
Employee profit share	(77,346)	(44,943)
Income before Income Tax/ Social Contribution on Net Income calculated based on taxable income	128,102	44,707
(+) additions	563	485
(-) exclusions	(2,382)	-
(=) Income Tax/Social Contribution on Net Income/adjusted income negative basis (A)	126,283	45,192
Current and deferred Income Tax/Social Contribution on Net Income (B) * without the effect of the increase of social contribution	(50,659)	(18,368)
Effect of increase in social contribution, Law n. 13169/15 tax credit	9,778	-
Current and deferred Income Tax/Social Contribution on Net Income (B+ C +D) = (D)	(40,881)	(18,368)
Effective rate = (B/A)	40%	40%

14 Shareholders' equity

a) Capital

Capital, including the capital increase under approval process by The Central Bank of Brazil (item below), in the amount of R\$288,045 (R\$ 232,834 on December 31,2014) is represented by 1,370,818,780 common shares (1,287,876,594 on December 31, 2014) and 1,287,839,797 (1,287,839,797 on December 31, 2014) class C preferred shares, all of them with no par value.

b) Capital increase

On December 30, 2015, was approved in the Extraordinary General Meeting the capital increase of the Company by issuing 59,092,960 new common shares and without nominal value, the total issue price of R\$ 40,058.

On September 30, 2015, was approved in the Extraordinary General Meeting, the capital increase of the Company, by issuing 23,849,226 new common shares and without nominal value, the total issuance price of R\$ 15,153.

On April 13, 2015, Central Bank of Brazil homologated the capital increase approved in the Special Shareholders' Meeting held on November 1, 2013, deriving from the approval of the Appraisal Report at accounting value related to the total net assets of XP Holding Financeira S.A., then parent company of the Company, and its subsequent merger by the Company. With the effect of merger of cash and financial investments net assets, net of liabilities recorded in XP Holding Financeira S.A., Company's capital increased by R\$153,325, through issuance of 1,431,458,836 nominative shares with no par value, being 715,739,643 common shares and 715,719,193 class C preferred shares.

(c) Capital reserve

As a result of merger operation mentioned in note 14b, the Company's net assets was increased with capital reserve by R\$120,247, equivalent to economic benefit deriving from probable future reduction in taxes.

(d) Legal reserve

Stated at the rate of 5% of net income recorded in each balance sheet up to 20% of capital, as provided in corporate legislation.

(e) Statutory reserve

Bylaws reserve for investment and expansion is stated at the remaining net income balance recorded in balance sheet after legal deductions, aiming at ensuring funds for investments. This reserve may not exceed capital.

(f) Dividends and interest on own capital

To the shareholders is guaranteed a minimum compulsory dividend of 25% of the net income for the year, after the specific destinations.

On December 29, 2015, was approved in the Extraordinary General Meeting, the distribution of dividends in the amount of R\$ 20,000 from retained earnings.

On August 25, 2015, was approved in the Extraordinary General Meeting, the distribution of dividends in the amount of R\$ 20,000 from retained earnings.

On July 21, 2015, was approved in the Extraordinary General Meeting, the distribution of dividends in the amount of R\$ 35,000, being R\$ 10,689 from statutory reserve and R\$ 24,311 from retained earnings.

On March 4, 2015, was approved in the extraordinary general meeting, the distribution of dividends in the amount of R\$ 13,744 from statutory reserve.

15 Service fee income

	Six-month period	2015	2014
Income from distribution of investment fund shares	13,065	25,671	26,111
Income from brokerage of stock exchange transactions	108,945	207,386	168,392
Income from securities commissions	32,430	52,707	25,357
Income from loan commissions	5,287	5,287	6,045
Income from custody services	5,044	8,588	5,790
Income from bank fees	457	962	975
Income from guarantee letter	8,057	14,935	5,105
Other	136	3,884	2,768
Total	173,421	319,420	240,543

16 Other operating income

	Six-month period	2015	2014
Recovery of charges and expenses	202	630	11
Fines received ⁽ⁱ⁾	3,810	6,810	5,436
Late-payment interest ⁽ⁱⁱ⁾	994	3,314	-
Other	477	501	253
Total	5,483	11,255	5,700

⁽ⁱ⁾ Income generated by the charge of fines of 0.3% per day on negative balance in current account resulting from financial settlement of stock exchange transactions generated by clients.

⁽ⁱⁱ⁾ Income from interest deriving from Selic adjustment of prepaid income tax and social contribution to offset related to prior periods.

17 Other operating expenses

	Six-month period	2015	2014
Operational errors ^(*)	(3,635)	(6,506)	(6,660)
Losses with clients ^(**)	(3,251)	(3,251)	(1,572)
Fines	(1,959)	(2,741)	-
Other	(1,812)	(2,092)	(3,545)
Total	(10,657)	(14,590)	(11,777)

^(*) Operating errors result from indemnities paid to clients by the Company, mostly deriving from errors when executing orders due to system or people failure.

^(**) In 2015, refers to loss with delinquent clients arising from transactions on the stock exchange, in 2014 refers substantially to reimbursement of fees return with discontinued real estate Fund .

18 Other administrative expenses

	Six-month period	2015	2014
Expenses with water, energy and gas	(64)	(284)	(460)
Rental expenses	(3,809)	(8,471)	(10,094)
Expenses with communications	(2,646)	(5,662)	(5,741)
Expenses for maintenance of assets	(637)	(1,339)	(1,527)
Material expenses	(109)	(211)	(213)
Data processing expenses	(21,382)	(38,753)	(27,555)
Promotion and public relations expenses	(1,125)	(1,618)	(1,474)
Advertising and publicity expenses	(4,482)	(6,933)	(3,613)
Publishing expenses	(22)	(122)	(67)
Insurance costs	(11)	(18)	(26)
Outside service expenses	(4,290)	(6,903)	(5,162)
Surveillance and security expenses	(70)	(152)	(168)
Expenses with financial services (note 19)	(91,171)	(162,572)	(115,846)
Specialized technical service expenses	(6,736)	(9,394)	(6,530)
Transportation expenses	(437)	(878)	(693)
Travel expenses	(1,628)	(2,811)	(3,376)
Depreciation and amortization expenses	(2,957)	(5,186)	(4,474)
Other administrative expenses	(514)	(1,016)	(1,055)
Total	(142,090)	(252,323)	(188,074)

19 Expenses with financial system services

	Six-month period	2015	2014
Independent investment agents	(84,852)	(150,146)	(105,403)
Fees charged for processing and custody services provided ⁽ⁱ⁾	(4,872)	(9,310)	(7,825)
Commission paid to XP Securities	(729)	(1,728)	(1,005)
Other	(718)	(1,388)	(1,613)
Total	(91,171)	(162,572)	(115,846)

⁽ⁱ⁾ Comprised by operating fees and bank tariffs.

20 Provisions and contingent liabilities

	2015	2014
Provision for labor claims (note 9)	2,383	1,598
Provision for civil claims (note 9)	121	489
Total	2,504	2,087

Provision for labor claims

Company is a party to several labor claims. On December 31, 2015, there are provisions recorded for 22 claims classified as probable loss in the amount of R\$2,383 (R\$1,598 on December 31, 2014). There are 10 claims classified as possible loss totaling R\$897 (R\$3,232 on December 31, 2014).

	<u>2015</u>	<u>2014</u>
Opening balance	1,598	951
Formation	1,045	813
Reversal/payments	(260)	(166)
Closing balance	<u>2,383</u>	<u>1,598</u>

Civil claims

The Company is a party to several civil claims. On December 31, 2015, there are provisions recorded for 7 claims classified as probable loss in the amount of R\$121 (R\$489 on December 31, 2014). Also, there are 15 claims classified as possible loss, totaling R\$12,249 on that date (R\$437 on December 31, 2014), for which no provisions were recorded in accordance with prevailing accounting practices.

Tax contingent liabilities

On July 31, 2014, the Company decided to settle total payment in installments with municipality of Rio de Janeiro related to ISS charged on brokerage services for the period from January 1999 to December 2003; final term is only in 2017 and the amount of R\$210 was disbursed. On the same date, the Company decided to pay in cash - according to benefit of Article 2 of Law n. 12,996/2014, which reopened the period provided for in Article 7 of Law n. 11,941/2009 – total debt related to tax assessment issued on July 28, 2011, deriving from lack of IRPJ and CSLL payment on valuation of Stock Exchange membership certificates calculated up to demutualization date.

Disbursed amount was R\$2,568, with all discounts for payment in cash provided for in the law. All debts above are the responsibility of the Company's former controller and the value in guarantee was sufficient to refund total disbursement.

The Company was assessed by the Internal Revenue Service for requirement of social security contributions in respect of payments of profit sharing for employees, supposedly, in disagreement with the law No. 10101/00. Currently, lawsuit files are held by the Division of Tax Control and Monitoring, waiting for a voluntary appeal to be filed by XP Investimentos. It is important to emphasize that there are favorable previous CARF decisions and legal opinions on this theme that support XP Investimentos defense. It is also possible that XP Investimentos question this charge in Courts. On the evaluation of XP's legal advisors, the probability of loss was classified as possible in the amount of R\$ 12,571.

21 Related party transactions

(a) Commercial and contract transactions with related parties

In the normal course of business, XP Group companies carry out commercial and financial transactions with the Company. These transactions include: (i) the provision of education, advisory and corporate consulting services; (ii) financial advisory and consultancy in general; (iii) management of funds and provision of Portfolio Management services; (iv) provision of information technology and data processing services; and (v) provision of insurance services.

During the year ended December 31, 2015 and 2014, the Company carried out the following transactions with related parties:

	<u>2015</u>		<u>2014</u>	
	<u>Assets</u>	<u>Income</u>	<u>Assets</u>	<u>Income</u>
	<u>(Liabilities)</u>	<u>(Expenses)</u>	<u>(Liabilities)</u>	<u>(Expenses)</u>
XP Educação Assessoria Empresarial e Participações Ltda.				
Accounts receivable	75	-	16	-
Suppliers	(12)	-	(20)	-
Technical advisory expenses	-	(444)	-	(653)
Tecfinance Informática e Projetos de Sistemas Ltda.				
Accounts receivable	-	-	2	-
Suppliers	(1,296)	-	(588)	-
Development and maintenance of system expenses	-	(15,058)	-	(10,561)

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Infostocks Informações e Sistemas Ltda.				
Accounts receivable	34	-	30	-
Suppliers	(96)	-	(43)	-
Publicity broadcasting expenses	-	(893)	-	(596)
XP Controle e Participações S.A.				
Accounts receivable	2,851	-	2,851	-
XP Gestão de Recursos Ltda.				
Accounts receivable	26	-	29	-
Suppliers	-	-	(2)	-
Income from services rendered	-	29	-	4
XP Corretora de Seguros Ltda.				
Accounts receivable	18	-	42	-
XP Securities LLC				
Suppliers	(188)	-	(67)	-
Expenses with financial system services	-	(1,728)	-	(1,005)
XP Finance Desenvolvimento de Negócios Ltda.				
Accounts receivable	4	-	5	-
Money & Markets Editora Ltda.				
Accounts receivable	4	-	4	-
Publicity broadcasting expenses	-	(12)	-	(6)
Clear				
Accounts receivable	30	-	-	-
XP Advisory Gestão de Recursos Ltda.				
Accounts receivable	20	-	-	-
Financial advisory	-	514	-	-
Total receivables from associated companies (note 9b)	3,062	-	2,979	-
Total amounts payable - Associated companies (Note 9b)	(1,592)	-	(720)	-
Total	1,470	-	2,259	-

(b) Management's compensation

	<u>Six-month period</u>	<u>2015</u>	<u>2014</u>
Remuneration of key management personnel			
Pro-labore and fees	(592)	(1,033)	(449)
Total	(592)	(1,033)	(449)

22 Profit sharing program

The Company has a profit sharing program for its employees. This program may not be extended to the Executive Board. Profit sharing base date is June and December. In the year ended December 31, 2015, the amount of R\$77,346 (December 31, 2014 - R\$44,943) was determined for distribution purposes.

23 Operational limits (Basel Agreement)

	2015			2014		
	Requirement	Situation	Margin (insufficiency)	Requirement	Situation	Margin (insufficiency)
Basel - total ^(a)	255,106	413,046	157,940	165,014	370,944	205,930
Property, plant and equipment ^(b)	207,364	63,623	143,741	185,472	13,260	172,212
Minimum capital ^(a)	1,500	288,045	286,545	1,500	232,834	231,334

^(a) This requirement refers to minimum required limit.

^(b) This requirement refers to the maximum permitted limit.

24 Subsequent events

CPC 33 - Benefits to employees

The National Monetary Council of the Central Bank of Brazil (BCB) adopted CPC 33 of Employee benefits, according to Resolution 4,424 of June 25, 2015.

The institutions authorized to operate by Central Bank of Brazil, should observe from January 1, 2016, the Technical Pronouncement n. 33 (R1)-Employee Benefits (CPC 33), approved by the Brazilian Accounting Pronouncements Committee (CPC), on December 7, 2012.

The Administration is evaluating future impacts to the financial statements.

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Director

Julio Capua Ramos da Silva

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Director

Jairo Luiz de Araujo Brito

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