

# **XP Inc.**

**Interim condensed consolidated  
financial statements at  
September 30, 2022  
and report on review**



## Report on review of interim condensed consolidated financial statements

To the Board of Directors and Shareholders  
XP Inc.

### Introduction

We have reviewed the accompanying interim condensed consolidated balance sheets of XP Inc. and its subsidiaries ("Company") as at September 30, 2022 and the related interim condensed consolidated statements of income and comprehensive income for the quarter and nine-month period then ended, and the interim condensed consolidated statements of changes in equity and cash flows for the nine-month period then ended, and explanatory notes.

Management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with the accounting International Accounting Standard (IAS) 34 - Interim Financial Reporting, of the International Accounting Standards Board (IASB). Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

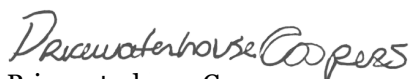
### Scope of review

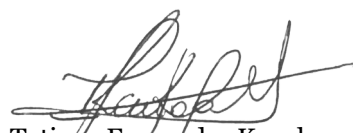
We conducted our review in accordance with Brazilian and International Standards on Reviews of Interim Financial Information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently did not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements referred to above are not prepared, in all material respects, in accordance with IAS 34.

São Paulo, November 8, 2022

  
PricewaterhouseCoopers  
Auditores Independentes Ltda.  
CRC 2SP000160/O-5

  
Tatiana Fernandes Kagohara Gueorguiev  
Contadora CRC 1SP245281/O-6



**XP Inc.— Unaudited interim condensed consolidated  
financial statements for the nine months period  
ended September 30, 2022**

Assets	Note	September 30, 2022	December 31, 2021
<b>Cash</b>		2,601,041	2,485,641
<b>Financial assets</b>		<b>172,584,881</b>	<b>127,745,263</b>
<b>Fair value through profit or loss</b>		<b>89,157,256</b>	<b>69,123,669</b>
Securities	4	73,101,282	58,179,955
Derivative financial instruments	5	16,055,974	10,943,714
<b>Fair value through other comprehensive income</b>		<b>40,237,826</b>	<b>32,332,377</b>
Securities	4	40,237,826	32,332,377
<b>Evaluated at amortized cost</b>		<b>43,189,799</b>	<b>26,289,217</b>
Securities	4	8,059,930	2,238,807
Securities purchased under agreements to resell	3	8,047,211	8,894,531
Securities trading and intermediation	9	3,983,399	1,405,651
Accounts receivable		567,626	469,086
Loan operations	7	20,410,901	12,819,627
Other financial assets	15	2,120,732	461,515
<b>Other assets</b>		<b>5,509,369</b>	<b>4,688,125</b>
Recoverable taxes		164,903	153,316
Rights-of-use assets	12	260,846	284,509
Prepaid expenses	8	4,196,321	3,982,750
Other		887,299	267,550
<b>Deferred tax assets</b>	17	1,508,896	1,273,069
<b>Investments in associates and joint ventures</b>	11	2,414,889	2,013,365
<b>Property and equipment</b>	12	307,811	313,964
<b>Goodwill and Intangible assets</b>	12	814,837	820,975
<b>Total assets</b>		<b>185,741,724</b>	<b>139,340,402</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

Liabilities and equity	Note	September 30, 2022	December 31, 2021
<b>Financial liabilities</b>		<b>124,490,094</b>	<b>91,358,151</b>
<b>Fair value through profit or loss</b>		<b>24,144,756</b>	<b>14,573,385</b>
Securities	4	9,469,352	2,665,202
Derivative financial instruments	5	14,675,404	11,908,183
<b>Evaluated at amortized cost</b>		<b>100,345,338</b>	<b>76,784,766</b>
Securities sold under repurchase agreements	3	31,429,464	26,281,345
Securities trading and intermediation	9	15,374,224	15,597,555
Financing instruments payable	13	41,416,311	24,429,086
Accounts payables		561,046	867,526
Borrowings	14	1,900,853	1,928,782
Other financial liabilities	15	9,663,440	7,680,472
<b>Other liabilities</b>		<b>43,664,208</b>	<b>33,533,688</b>
Social and statutory obligations		627,890	1,022,212
Taxes and social security obligations		248,918	549,651
Retirement plan liabilities	16	42,714,355	31,921,400
Provisions and contingent liabilities	20	38,183	29,308
Other		34,862	11,117
<b>Deferred tax liabilities</b>	<b>17</b>	<b>119,501</b>	<b>28,934</b>
<b>Total liabilities</b>		<b>168,273,803</b>	<b>124,920,773</b>
<b>Equity attributable to owners of the Parent company</b>	<b>18</b>	<b>17,464,901</b>	<b>14,416,836</b>
Issued capital		24	23
Capital reserve		15,458,954	14,923,315
Other comprehensive income(loss)		(109,124)	(334,563)
Treasury shares		(681,054)	(171,939)
Retained earnings		2,796,101	-
<b>Non-controlling interest</b>		<b>3,020</b>	<b>2,793</b>
<b>Total equity</b>		<b>17,467,921</b>	<b>14,419,629</b>
<b>Total liabilities and equity</b>		<b>185,741,724</b>	<b>139,340,402</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

**XP Inc. and its subsidiaries**  
**Unaudited interim condensed consolidated statements**  
**of income and of comprehensive income**



**For the nine and three months period ended September 30, 2022 and 2021**

***In thousands of Brazilian Reals, except earnings per share***

	Note	Nine months period ended September 30,		Three months period ended September 30,	
		2022	2021	2022	2021
Net revenue from services rendered	21	4,375,806	4,644,551	1,558,302	1,588,880
Net income/(loss) from financial instruments at amortized cost and at fair value through other comprehensive income	21	1,131,100	(1,016,823)	563,461	(717,128)
Net income/(loss) from financial instruments at fair value through profit or loss	21	4,663,766	5,189,757	1,498,562	2,299,607
<b>Total revenue and income</b>		<b>10,170,672</b>	<b>8,817,485</b>	<b>3,620,325</b>	<b>3,171,359</b>
Operating costs	22	(2,799,646)	(2,564,074)	(976,920)	(889,015)
Selling expenses	23	(91,141)	(163,973)	(32,649)	(57,654)
Administrative expenses	23	(4,273,233)	(3,348,345)	(1,502,793)	(1,267,171)
Other operating income (expenses), net	24	22,329	90,982	29,257	1,086
Expected credit losses	10	(56,042)	(62,290)	(28,205)	(5,284)
Interest expense on debt		(252,683)	(78,600)	(127,519)	(49,112)
Share of profit (loss) in joint ventures and associates	11	(13,648)	3,394	1,425	3,729
<b>Income before income tax</b>		<b>2,706,608</b>	<b>2,694,579</b>	<b>982,921</b>	<b>907,938</b>
Income tax credit (expense)	17	91,102	(92,769)	47,957	28,449
<b>Net income for the period</b>		<b>2,797,710</b>	<b>2,601,810</b>	<b>1,030,878</b>	<b>936,387</b>
<b>Other comprehensive income</b> <i>Items that can be subsequently reclassified to income</i>					
Foreign exchange variation of investees located abroad		(12,269)	13,036	9,904	(13,277)
Gains (losses) on net investment hedge		7,555	(11,739)	(7,283)	9,004
Changes in the fair value of financial assets at fair value through other comprehensive income		238,547	(458,772)	263,249	(236,173)
<b>Other comprehensive income (loss) for the period, net of tax</b>		<b>233,833</b>	<b>(457,475)</b>	<b>265,870</b>	<b>(240,446)</b>
<b>Total comprehensive income for the period</b>		<b>3,031,543</b>	<b>2,144,335</b>	<b>1,296,748</b>	<b>695,941</b>
<b>Net income attributable to:</b>					
Owners of the Parent company		2,796,101	2,599,974	1,030,746	935,662
Non-controlling interest		1,609	1,836	132	725
<b>Total comprehensive income attributable to:</b>					
Owners of the Parent company		3,029,934	2,142,499	1,296,616	695,216
Non-controlling interest		1,609	1,836	132	725
<b>Earnings per share from total income attributable to the ordinary equity holders of the company</b>					
Basic earnings per share	26	5.0122	4.6506	1.8548	1.6736
Diluted earnings per share	26	4.8566	4.5432	1.7977	1.6363

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.



**XP Inc. and its subsidiaries**

**Unaudited interim condensed consolidated statements of changes in equity**

**For the nine months period ended September 30, 2022 and 2021**

*In thousands of Brazilian Reais*



	Notes	Attributable to owners of the Parent								Total Equity
		Issued Capital	Capital reserve		Other comprehensive income (loss)	Retained Earnings	Treasury Shares	Non-Controlling interest	Total	
			Additional paid-in capital	Other Reserves						
<b>Balances as of December 31, 2020</b>		<b>23</b>	<b>6,821,176</b>	<b>3,842,766</b>	<b>230,644</b>	-	-	<b>10,894,609</b>	<b>3,005</b>	<b>10,897,614</b>
<b>Comprehensive income for the period</b>										
Net income for the period		-	-	-	-	2,599,974	-	2,599,974	1,836	2,601,810
Other comprehensive income, net		-	-	-	(457,475)	-	-	(457,475)	-	(457,475)
<b>Transactions with shareholders - contributions and distributions</b>										
Share based plan	25	-	-	390,496	-	-	-	390,496	2	390,498
Other changes in equity, net		-	-	(3,793)	3,454	-	-	(339)	1,615	1,276
<b>Allocations of the net income for the period</b>										
Dividends distributed		-	-	-	-	-	-	-	(2,998)	(2,998)
<b>Balances as of September 30, 2021</b>		<b>23</b>	<b>6,821,176</b>	<b>4,229,469</b>	<b>(223,377)</b>	<b>2,599,974</b>	-	<b>13,427,265</b>	<b>3,460</b>	<b>13,430,725</b>
<b>Balances as of December 31, 2021</b>		<b>23</b>	<b>6,821,176</b>	<b>8,102,139</b>	<b>(334,563)</b>	-	<b>(171,939)</b>	<b>14,416,836</b>	<b>2,793</b>	<b>14,419,629</b>
<b>Comprehensive income for the period</b>										
Net income for the period		-	-	-	-	2,796,101	-	2,796,101	1,609	2,797,710
Other comprehensive income, net		-	-	-	233,833	-	-	233,833	-	233,833
<b>Transactions with shareholders - contributions and distributions</b>										
Share based plan	25	-	-	460,734	-	-	-	460,734	490	461,224
Other changes in equity, net		-	-	-	(8,394)	-	-	(8,394)	(160)	(8,554)
Private issuance of shares	18	1	74,905	-	-	-	-	74,906	-	74,906
Treasury shares	18	-	-	-	-	-	(509,115)	(509,115)	-	(509,115)
<b>Allocations of the net income for the period</b>										
Dividends distributed		-	-	-	-	-	-	-	(1,712)	(1,712)
<b>Balances as of September 30, 2022</b>		<b>24</b>	<b>6,896,081</b>	<b>8,562,873</b>	<b>(109,124)</b>	<b>2,796,101</b>	<b>(681,054)</b>	<b>17,464,901</b>	<b>3,020</b>	<b>17,467,921</b>

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.

	Note	Nine months ended	
		2022	September 30, 2021
<b>Operating activities</b>			
Income before income tax		2,706,608	2,694,579
<b>Adjustments to reconcile income before income taxes</b>			
Depreciation of property, equipment and right-of-use assets	12	83,613	46,465
Amortization of intangible assets	12	76,648	132,892
Loss on write-off of property, equipment and intangible assets and lease, net	12	3,177	14,663
Share of profit or (loss) in joint ventures and associates	11	13,648	(3,394)
Expected credit losses on financial assets		56,042	62,290
Income from share in the net income of associates measured at fair value	11	(74,005)	-
Provision for contingencies, net	20	7,301	4,434
Net foreign exchange differences		(193,361)	358,229
Share based plan	25	461,224	390,498
Interest accrued		279,852	98,425
<b>Changes in assets and liabilities</b>			
Securities (assets and liabilities)		(22,518,320)	(13,059,146)
Derivative financial instruments (assets and liabilities)		(2,330,757)	(1,243,803)
Securities trading and intermediation (assets and liabilities)		(2,809,615)	(690,036)
Securities purchased (sold) under resale (repurchase) agreements		7,744,496	(8,850,219)
Accounts receivable		(132,112)	152,008
Loan operations		(7,601,787)	(6,622,032)
Prepaid expenses		(213,571)	(2,019,237)
Other assets and other financial assets		(1,963,291)	(1,578,971)
Accounts payable		(346,139)	(34,840)
Financing instruments payable		15,279,083	9,199,037
Social and statutory obligations		(394,322)	(83,791)
Tax and social security obligations		(167,160)	129,004
Retirement plans liabilities		10,792,833	13,323,102
Other liabilities and other financial liabilities		1,990,809	3,059,974
<b>Cash from/ (used in) operations</b>		<b>750,894</b>	<b>(4,519,869)</b>
Income tax paid		(351,932)	(478,676)
Contingencies paid	20	(1,580)	(2,174)
Interest paid		(109,226)	(12,423)
<b>Net cash flows (used in) from operating activities</b>		<b>288,156</b>	<b>(5,013,142)</b>
<b>Investing activities</b>			
Acquisition of property and equipment	12	(33,528)	(107,577)
Acquisition of intangible assets	12	(15,618)	(206,612)
Acquisition of subsidiaries, net of cash acquired		(35,183)	(857)
Acquisition of associates and joint ventures	11	(209,562)	(307,863)
<b>Net cash flows used in investing activities</b>		<b>(293,891)</b>	<b>(622,909)</b>
<b>Financing activities</b>			
Acquisitions of borrowings	30	-	1,570,639
Acquisition of treasury shares	18	(509,115)	-
Issuance of debt securities	30	1,890,500	4,334,562
Payments of borrowings and lease liabilities	30	(75,982)	(56,908)
Payment of debt securities in issue	30	(175,999)	(227,652)
Transactions with non-controlling interests		(160)	1,276
Dividends paid to non-controlling interests		(1,712)	(2,998)
Proceeds from SPAC issuance of shares		-	1,134,797
<b>Net cash flows from (used in) financing activities</b>		<b>1,127,532</b>	<b>6,753,716</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,121,797</b>	<b>1,117,665</b>
Cash and cash equivalents at the beginning of the period		3,751,861	2,660,388
Effects of exchange rate changes on cash and cash equivalents		28,368	(161,134)
<b>Cash and cash equivalents at the end of the period</b>		<b>4,902,026</b>	<b>3,616,919</b>
Cash		2,601,041	2,822,563
Securities purchased under agreements to resell	3	1,748,737	548,380
Interbank certificate deposits	4	250,248	245,976
Other deposits	15	302,000	-

The accompanying notes are an integral part of the unaudited interim condensed consolidated financial statements.



## **1. Operations**

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XP Inc. (the “Company”) is a Cayman Island exempted company with limited liability, incorporated on August 29, 2019. The registered office of the Company is Ugland House, 121 South Church Street in George Town, Grand Cayman. The Company’s principal executive office is located in the city of São Paulo, Brazil.

XP Inc. is currently the entity which is registered with the U.S. Securities and Exchange Commission (“SEC”). The common shares are trading on the Nasdaq Global Select Market (“NASDAQ-GS”) under the symbol “XP”.

XP Inc. is a holding company controlled by XP Control LLC, which holds 66.28% of voting rights and is controlled by a group of individuals.

XP Inc. and its subsidiaries (collectively, “Group” or “XP Group”) is a leading, technology-driven financial services platform and a trusted provider of low-fee financial products and services in Brazil. XP Group are principally engaged in providing its customers, represented by individuals and legal entities in Brazil and abroad, various financial products, services, digital content and financial advisory services, mainly acting as broker-dealer, including securities brokerage, private pension plans, commercial and investment banking products such as loan operations, transactions in the foreign exchange markets and deposits, through our brands that reach clients directly and through network of Independent Financial Advisers (“IFAs”).

These unaudited interim condensed consolidated financial statements as of September 30, 2022, were approved by the Board of Director’s meeting on November 4, 2022.

### **1.1 Ukraine conflicts**

In February 2022 the invasion of Ukraine by Russia generated international sanctions taken by the United States and North Atlantic Treaty Organization (“NATO”) that had an impact on regional and global economies. Such events could have an adverse effect on Company’s business and financial performance, through increased worldwide inflation, increased costs of compliance, higher volatility in foreign currency exchange rates and increases in expected credit losses from our clients that sell goods to Russia counterparties. As of September 30, 2022, the business undertaken by the Company has not been materially impacted as a result of the abovementioned situation. The Company will continue monitoring the situation to determine whether material impacts to the operations might arise if the situation escalates.

### **1.2 Share buy-back program**

In May 2022, the Board of Directors approved a share buy-back program. Under the program, XP may repurchase up to the amount in dollars equivalent to R\$1.0 billion of its outstanding Class A common shares over a period beginning on May 12, 2022, continuing until the earlier of the completion of the repurchase or May 12, 2023, depending upon market conditions. As of September 30, 2022, the company purchased 3,813,202 shares (equivalent to R\$392 million), which were acquired at an average price of US\$19.92 per share, with prices ranging from US\$17.28 to US\$24.85.

As of September 30, 2022, the shares repurchased under the repurchase program corresponded to approximately 0.7% of the entity’s capital stock.

### **1.3 Share purchase agreement with Itaú**

On June 8, 2022, XP has signed a share purchase agreement with Itaú Unibanco. Under this agreement, XP purchased 1,056,308 outstanding Class B common shares from Itaú Unibanco, equivalent to approximately US\$24 million (R\$ 117 million), or US\$22.65 per share – the same price for which Itaú Unibanco sold 6,783,939 Class A shares on June 7, 2022. This transaction is not part of the share buy-back program announced by XP on May 11, 2022.

## **2. Basis of preparation and changes to the Group’s accounting policies**

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### **a) Basis of preparation**

The unaudited interim condensed consolidated financial statements as of September 30, 2022, and for the three and nine months period ended September 2022 and 2021 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (“IASB”).

The unaudited interim condensed consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual consolidated financial

statements as of December 31, 2021. The list of notes that were not presented in this unaudited interim condensed is described below:

Note to financial statements of December 31, 2021	Description
3.	Summary of significant accounting policies
4.	Significant estimated and judgements
5.	Group structure
11.	Accounts receivable
12.	Recoverable taxes
21.	Social and Statutory obligations
22.	Tax and social security obligations
26. (a)	Key-person management compensation
35. (b) to (f)	Management of financial risks and financial instruments

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the new accounting policies adopted for the current interim reporting period, see Note 2 (b).

The unaudited interim condensed consolidated financial statements are presented in Brazilian reais (“R\$”), which is the Group’s presentation currency and all amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

**b) New standards, interpretations and amendments adopted by the Group**

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual consolidated financial statements for the year ended 31 December 2021, except for the adoption of new standards effective as of 1 January 2022. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Several amendments apply for the first time in 2022, but do not have a material impact on the interim condensed consolidated financial statements of the Group.

**c) Basis of consolidation**

There were no changes since December 31, 2021, in the accounting practices adopted for consolidation of the Company’s direct and indirect interests in its subsidiaries for the purposes of these unaudited interim condensed consolidated financial statements. The following entities were incorporated by the Group during the nine months period ended September 30, 2022:

Entity name	Country of incorporation	Principal activities	% Of Group’s interest (i)	
			September 30, 2022	December 31, 2021
<b>Indirectly controlled</b>				
XP Ativos Digitais Intermediações S.A. (ii)	Brazil	Digital Assets	100%	-
XP Phalanx CT Fund (ii)	Cayman Islands	Digital Assets	100%	-
XProject (ii)	Cayman Islands	Digital Assets	100%	-
Habitat Capital Partners	Brazil	Asset Management	100%	-
XP Administradora de Benefícios Ltda. (ii)	Brazil	Individual health plan intermediation	100%	-

(i) The percentage of participation represents the Group’s interest in total capital and voting capital of its subsidiaries.

(ii) New subsidiaries that commenced operations during the nine months period ended on September 30, 2022.

**d) Interests in associates and joint ventures**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of income and of comprehensive income, statement of changes in equity and balance sheet respectively.

**(i) Associates**

Associates are companies in which the investor has a significant influence but does not hold control. Investments in these companies are initially recognized at cost of acquisition and subsequently accounted for using the equity method. Investments in associates and joint ventures include the goodwill identified upon acquisition, net of any cumulative impairment loss.

**(ii) Interests in associates and joint ventures measured at fair value**

The Group has investments in associates measured at fair value in accordance with item 18 of IAS 28 – Investments in Associates and Joint Ventures. These investments are held through XP FIP Managers and XP FIP Endor, which are venture capital organizations. In determining whether the fund meets the definition of a venture capital organization, management considered the investment portfolio features and objectives. The portfolio classified in this category has the objective to generate growth in the value of its investments in the medium term and have an exit strategy. Additionally, the performance of these portfolio is evaluated and managed considering a fair value basis of each investment.

**(iii) Joint ventures**

The Group has joint ventures whereby the parties, that have joint control of the arrangement, have rights to the net assets.

**(iv) Equity method**

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in the Group's income statement, and the Group's share of movements in other comprehensive income of the investee in the Group's other comprehensive income. Dividends received or receivable from associates and joint ventures are recognized as a reduction of the carrying amount of the investment.

Unrealized gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

If its interest in the associates and joint ventures decreases, but the Group retains significant influence or joint control, only the proportional amount of the previously recognized amounts in other comprehensive income is reclassified in income, when appropriate.

**e) Business combinations and other developments****a) Business combinations****(i) Banco Modal S.A**

On January 6, 2022, the Group entered into a binding agreement to acquire up to 100% of the total share of Banco Modal which will be paid with up to 19.5 million newly issued XP Inc. Class A shares or Brazilian Depository Receipts (BDR), implying a premium of 35% over Banco Modal's last thirty days average price. The companies share the common goal of exceeding clients' expectations and democratizing access to high quality and low-cost financial products and services. The acquisition is expected to deliver solid and sustainable accretion to the shareholders of both companies. As of

September 30, 2022, the acquisition is pending approval of the Brazilian Central Bank (BACEN) and the Securities and Exchange Commission (SEC). The transaction was approved by Administrative Council for Economic Defense (CADE) in July 2022.

**(ii) Habitat**

On February 25, 2022, we entered into a binding agreement to acquire 100% of the total capital of Habitat Capital Partners Asset Management, a manager focused on real estate funds. The asset was created with a focus on real estate operations outside the major Brazilian centers and with a strategy of monitoring the entire process in-house, from securitization to control of collection processes. The closing occurred in May 2022, and the acquisition is not considered material for XP Inc. interim consolidated financial statements. The total consideration is R\$65,353, out of which: i) R\$35,183 paid in cash, ii) R\$17,233 which shall be paid at the end of March 2023 and iii) R\$12,937 as a fair value of the contingent consideration. The purchase price was mostly allocated to goodwill (R\$ 60,037 – see Note 12), representing the value of expected synergies arising from the acquisition

In addition, the Company incurred in direct costs for the business combinations which were expensed as incurred.

**(iii) BTR Benefícios e Seguros**

On August 15, 2022, the Group exercised its call options over the equity of BTR Benefícios e Seguros (“BTR”) which allowed the Group to acquire up to 100% of the total share of the company. This acquisition will allow the Group to further strengthen its operations on the Health and Benefits front, with a focus on corporate customers. The management of health plans today is a priority topic on the corporate market agenda as it represents, in Brazil, one of the largest costs to most companies. The closing occurred on October 03, 2022, and the total consideration paid, in cash, was R\$1,254. This acquisition is not considered material for XP Inc. consolidated financial statements.

**b) Other developments****(i) SPAC Transactions**

On April 25, 2022, the Group finished its discussions with the target company and announced the purchase of the Brazilian biotechnology company SuperBac, which will thus be listed on the US stock exchange. The business combination is due to be concluded no later than August 2023 and needs to be approved by the spac’s shareholders in a special shareholder meeting.

**(ii) Minority interest stake acquisitions**

During the nine months period ended September 30, 2022, XP Inc. entered in agreements through our proprietary funds to acquire a minority interest (Note 2 d (ii)) in (i) Suno Controle S.A. and TMRF Consultoria LTDA., companies within the same economic group which produces free financial content including analyses, news, books, courses, among others, and also distributes paid content through a digital ecosystem, offering personal financial data consolidation, investment recommendations, and advisory; (ii) Estratégia & Timing, which main activity is advisory, consulting, guidance and educational operational assistance in the financial area for business and investment management; (iii) Etrnity which is a holding company used as an exclusive vehicle to participate, directly or indirectly, in companies that act or will act in the financial and capital markets; (iv) AZ Quest which is one of the largest and most traditional independent asset management companies in Brazil; (v) Direto S.A., a real estate loan startup, (vi) Inside, with content on product reviews linked to variable income and with accessible language for the retail public and (vii) Oriz Participações S.A., a holding company which operates with wealth management and will leverage XP’s Wealth Services business as a mature, robust and high-end solution to serve the most sophisticated wealth managers, strengthening XP’s presence in the Private High and Ultra High segments.

The total fair value consideration recorded for those acquisitions during the nine months period ended September 30, 2022, was R\$ 341,995 (Note 11).

**(iii) New digital assets trading platform**

On May 12, 2022, XP announced the creation of XTAGE, a new trading platform for digital assets in collaboration with Nasdaq, a global leading technology company serving the capital markets and other industries.

**f) Segment reporting**

In reviewing the operational performance of the Group and allocating resources, the chief operating decision maker of the Group (“CODM”), who is the Group’s Chief Executive Officer (“CEO”) and the Board of Directors (“BoD”), represented by statutory directors holders of ordinary shares of the immediate parent of the Company, reviews selected items of the statement of income and of comprehensive income.

The CODM considers the whole Group as a single operating and reportable segment, monitoring operations, making decisions on fund allocation and evaluating performance based on a single operating segment. The CODM reviews relevant financial data on a combined basis for all subsidiaries and joint ventures. Disaggregated information is only reviewed at the revenue level (Note 21), with no corresponding detail at any margin or profitability levels.

The Group's revenue, results and assets for this one reportable segment can be determined by reference to the unaudited interim condensed consolidated statements of income and of comprehensive income and unaudited interim condensed consolidated balance sheet.

See Note 21 (c) for a breakdown of total revenue and income and selected assets by geographic location.

### g) Estimates

The preparation of unaudited interim condensed consolidated financial statements of the Group requires management to make judgments and estimates and to adopt assumptions that affect the amounts presented referring to revenues, expenses, assets and liabilities at the reporting date. Actual results may differ from these estimates.

In preparing these unaudited interim condensed consolidated financial statements, the significant judgements and estimates made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that are set in the consolidated financial statements for the year ended December 31, 2021.

## 3. Securities purchased (sold) under resale (repurchase) agreements

### a) Securities purchased under resale agreements

	September 30, 2022	December 31, 2021
<b>Collateral held</b>	<b>1,921,731</b>	<b>3,322,254</b>
National Treasury Notes (NTNs) (i)	1,854,282	2,671,122
National Treasury Bills (LTNs) (i)	-	544,546
Debentures (ii)	10,768	37,688
Real Estate Receivable Certificates (CRI) (ii)	22,771	43,397
Financial credit bills (LF)	414	25,501
Agribusiness Receivables Certificates (CRA)	33,496	-
<b>Collateral repledge</b>	<b>6,127,729</b>	<b>5,574,846</b>
National Treasury Bills (LTNs) (i)	2,356,794	-
National Treasury Notes (NTNs) (i)	321,066	1,556,303
Financial Treasury Bills (LFTs) (i)	249,997	-
Debentures (ii)	917,947	906,519
Real Estate Receivable Certificates (CRI) (ii)	1,909,830	2,586,893
Financial credit bills (LF)	370,009	525,131
Other	2,086	-
<b>Expected Credit Loss (iii)</b>	<b>(2,249)</b>	<b>(2,569)</b>
<b>Total</b>	<b>8,047,211</b>	<b>8,894,531</b>

(i) Investments in purchase and sale commitments collateral-backed by sovereign debt securities refer to transactions involving the purchase of sovereign debt securities with a commitment to sale originated in the subsidiary XP CCTVM and in exclusive funds and were carried out at an average fixed rate of 13.64% p.a. (9.15% p.a. as of December 31, 2021).

(ii) Refers to fixed-rate fixed-income and low-risk investments collateral-backed.

(iii) The reconciliation of gross carrying amount and the expected credit loss segregated by stages are presented in the Note 10.

As of September 30, 2022, R\$1,748,737 (December 31, 2021 - R\$1,071,328) from the total amount of collateral held portfolio is being presented as cash equivalents in the statements of cash flows.

## b) Securities sold under repurchase agreements

	September 30, 2022	December 31, 2021
National Treasury Bills (LTNs)	5,477,064	3,325,188
National Treasury Notes (NTNs)	13,050,324	10,098,672
Financial Treasury Bills (LFTs)	5,153,389	7,515,712
Debentures	1,656,119	553,953
Real Estate Receivable Certificates (CRI)	5,237,062	4,324,155
Financial credit bills (LF)	498,015	463,665
Agribusiness Receivables Certificates (CRA)	357,491	-
<b>Total</b>	<b>31,429,464</b>	<b>26,281,345</b>

As of September 30, 2022, securities sold under repurchase agreements were agreed with average interest rates of 13.64% p.a. (December 31, 2021 – 9.14% p.a.), with assets pledged as collateral.



4. Securities

a) Securities classified at fair value through profit and loss:

	September 30, 2022				December 31, 2021			
	Gross carrying amount	Fair value	Group portfolio	Retirement plan assets (i)	Gross carrying amount	Fair Value	Group portfolio	Retirement plan assets (i)
<b>Financial assets</b>								
<b>At fair value through profit or loss</b>								
<b>Available portfolio</b>	<b>71,507,024</b>	<b>71,907,009</b>	<b>29,244,206</b>	<b>42,662,803</b>	<b>56,899,391</b>	<b>56,985,365</b>	<b>24,982,206</b>	<b>32,003,159</b>
Brazilian government bonds	18,208,422	18,374,139	16,056,665	2,317,474	15,577,753	15,582,410	12,708,187	2,874,223
Investment funds	38,506,658	38,506,658	1,584,440	36,922,218	28,494,662	28,494,662	2,184,461	26,310,201
Stocks issued by public-held company	3,478,665	3,478,665	3,062,627	416,038	4,768,724	4,768,724	4,059,183	709,541
Debentures	4,914,683	4,980,347	2,819,576	2,160,771	4,493,406	4,522,150	3,091,370	1,430,780
Structured transaction certificate-	250,074	281,445	281,445	-	235,794	270,225	270,225	-
Bank deposit certificates (ii)	911,391	935,584	929,271	6,313	352,770	356,313	331,605	24,708
Agribusiness receivables certificates	2,308,437	2,335,027	2,325,826	9,201	573,374	579,224	579,224	-
Certificate of real estate receivable	1,199,657	1,219,318	1,218,814	504	568,347	575,717	575,717	-
Financial credit bills	736,625	794,700	30,362	764,338	663,236	669,819	28,661	641,158
Others (iv)	992,412	1,001,126	935,180	65,946	1,171,325	1,166,121	1,153,573	12,548
<b>Investments held in trust accounts</b>	<b>1,194,273</b>	<b>1,194,273</b>	<b>1,194,273</b>	<b>-</b>	<b>1,194,590</b>	<b>1,194,590</b>	<b>1,194,590</b>	<b>-</b>
US government bonds (iii)	1,194,273	1,194,273	1,194,273	-	1,194,590	1,194,590	1,194,590	-
<b>Total</b>	<b>72,701,297</b>	<b>73,101,282</b>	<b>30,438,479</b>	<b>42,662,803</b>	<b>58,093,981</b>	<b>58,179,955</b>	<b>26,176,796</b>	<b>32,003,159</b>

- (i) Those financial products represent investment contracts that have the legal form of retirement plans, which do not transfer substantial insurance risk to the Group. Therefore, contributions received from participants are accounted for as liabilities and an asset of the participant in the linked Specially Constituted Investment Fund ("FIE"). Besides assets which are presented segregated above, as retirement plan assets, the Group has proprietary assets to guarantee the solvency of our insurance and pension plan operations, under the terms of CNSP Resolution No. 432/2021, presented as Group portfolio, within investment funds line. As of September 30, 2022, those assets represent R\$153,559 (December 31, 2021 - R\$106,425).
- (ii) Bank deposit certificates include R\$250,248 (December 31, 2021 – R\$194,892) presented as cash equivalents in the statements of cash flows.
- (iii) Related to investments received through IPO transactions derived by XPAC Acquisition Corp. These funds are restricted for use and may only be used for purposes of completing an initial business combination or redemption of public shares as set forth in XPAC Acquisition Corp. trust agreement.
- (iv) Mainly related to bonds issued and traded overseas and other securities.

Securities at fair value through other comprehensive income are presented in the following table:

	September 30, 2022		December 31, 2021	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
<b>Financial assets</b>				
<b>At fair value through other comprehensive income</b>				
Brazilian government bonds	38,932,803	38,479,198	32,725,011	31,868,878
Bonds	1,868,353	1,758,628	458,755	463,499
<b>Total</b>	<b>40,801,156</b>	<b>40,237,826</b>	<b>33,183,766</b>	<b>32,332,377</b>

b) Securities evaluated at amortized cost are presented in the following table:

	September 30, 2022		December 31, 2021	
	Gross carrying amount	Book value	Gross carrying amount	Book value
<b>Financial assets</b>				
<b>At amortized cost (i)</b>				
Brazilian government bonds	5,659,236	5,657,524	-	-
Bonds	2,014,670	2,013,366	1,871,273	1,868,776
Rural product note	389,040	389,040	328,638	328,638
Debentures	-	-	41,393	41,393
<b>Total</b>	<b>8,062,946</b>	<b>8,059,930</b>	<b>2,241,304</b>	<b>2,238,807</b>

(i) Includes expected credit losses in the amount of R\$ 3,016 (December 31, 2021 – R\$ 2,497). The reconciliation of gross carrying amount and the expected credit loss are presented in the Note 10.

c) Securities on the financial liabilities classified at fair value through profit or loss are presented in the following table:

	September 30, 2022		December 31, 2021	
	Gross carrying amount	Fair value	Gross carrying amount	Fair value
<b>Financial liabilities</b>				
<b>At fair value through profit or loss</b>				
Securities loaned	8,966,716	8,966,716	2,146,398	2,146,398
<b>Total</b>	<b>8,966,716</b>	<b>8,966,716</b>	<b>2,146,398</b>	<b>2,146,398</b>

d) Debentures designated at fair value through profit or loss are presented in the following table:

On May 6, 2021, XP Investimentos, issued non-convertible Debentures, in the aggregate amount of R\$ 500,018, with the objective of funding the Group's working capital for the construction of "Vila XP" at São Roque, State of São Paulo and designated this instrument as fair value through profit or loss in order to align it with the Group's risk management and investment strategy. The principal amount is due on April 10, 2036. The accrued interest is payable every month from the issuance date and is calculated based on the IPCA (Brazilian inflation index) plus 5% p.a.

	September 30, 2022		December 31, 2021	
	Gross carrying amount	Fair value	Gross carrying amount	Fair Value
<b>Financial liabilities</b>				
<b>At fair value through profit or loss</b>				
Debentures	561,686	502,636	536,881	518,804
<b>Total</b>	<b>561,686</b>	<b>502,636</b>	<b>536,881</b>	<b>518,804</b>

Unrealized gains/(losses) due to own credit risk for liabilities for which the fair value option has been elected are recorded in other comprehensive income. Gain/(losses) due to own credit risk were not material for the nine and three-months period ended September 30, 2022.

**Determination of own credit risk for items for which the fair value option was elected**

The debenture's own credit risk is calculated as the difference between its yield and its benchmark rate for similar Brazilian federal securities.

e.1) Difference between aggregate fair value and aggregate remaining contractual principal balance outstanding

The following table reflects the difference between the aggregate fair value and the aggregate remaining contractual principal balance outstanding as of September 30, 2022, for instruments for which the fair value option has been elected.

			September 30, 2022
	Contractual principal outstanding	Fair value	Fair value/(under) contractual principal outstanding
<b>Long-term debt</b>			
Debentures	561,686	502,636	(59,050)

e) Securities classified by maturity:

	Assets		Liabilities	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
<b>Financial assets</b>				
<b>At fair value through PL and at OCI</b>				
<b>Current</b>	<b>64,335,514</b>	<b>47,431,624</b>	<b>8,966,716</b>	<b>2,146,398</b>
Non-stated maturity	43,879,977	31,425,792	8,966,716	2,146,398
Up to 3 months	4,275,890	4,556,261	-	-
From 4 to 12 months	16,179,647	11,449,571	-	-
<b>Non-current</b>	<b>49,003,594</b>	<b>43,088,235</b>	<b>502,636</b>	<b>518,804</b>
After one year	49,003,594	43,088,235	502,636	518,804
<b>Evaluated at amortized cost</b>				
<b>Current</b>	<b>6,561,858</b>	<b>1,891,889</b>	-	-
Up to 3 months	1,767,125	1,698,760	-	-
From 4 to 12 months	4,794,733	193,129	-	-
<b>Non-current</b>	<b>1,498,072</b>	<b>349,415</b>	-	-
After one year	1,498,072	349,415	-	-
<b>Total</b>	<b>121,399,038</b>	<b>92,761,163</b>	<b>9,469,352</b>	<b>2,665,202</b>

The reconciliation of expected loss to financial assets at amortized cost – securities according with IFRS 9 is demonstrated in Note 10.

**5. Derivative financial instruments**

The Group trades derivative financial instruments with various counterparties to manage its overall exposures (interest rate, foreign currency and fair value of financial instruments) and to assist its customers in managing their own exposures.

Below is the composition of the derivative financial instruments portfolio (assets and liabilities) by type of instrument, stated fair value and by maturity:

	September 30, 2022					
	Notional	Fair Value	%	Up to 3 months	From 4 to 12 months	Above 12 months
<b>Assets</b>						
Options	1,706,823,355	6,427,649	85	2,306,534	2,121,911	1,999,204
Swap contracts	123,408,892	2,239,291	6	46,370	245,066	1,947,855
Forward contracts	33,575,806	7,098,171	2	654,903	1,930,306	4,512,962
Future contracts	135,646,771	290,863	7	185,513	96,502	8,848
<b>Total</b>	<b>1,999,454,824</b>	<b>16,055,974</b>	<b>100</b>	<b>3,193,320</b>	<b>4,393,785</b>	<b>8,468,869</b>
<b>Liabilities</b>						
Options	511,163,067	6,957,643	80	1,486,306	1,887,865	3,583,472
Swap contracts	62,862,646	923,903	10	234,412	282,698	406,793
Forward contracts	37,135,267	6,757,716	6	174,881	1,967,905	4,614,930
Future contracts	25,214,167	30,650	4	16,687	1,509	12,454
Others (i)	84,184	5,492	-	5,492	-	-
<b>Total</b>	<b>636,459,331</b>	<b>14,675,404</b>	<b>100</b>	<b>1,917,778</b>	<b>4,139,977</b>	<b>8,617,649</b>

	December 31, 2021					
	Notional	Fair Value	%	Up to 3 months	From 4 to 12 months	Above 12 months
<b>Assets</b>						
Swap contracts	75,380,631	2,577,311	14	73,016	259,300	2,244,995
Forward contracts	88,107,328	1,601,167	16	404,764	216,895	979,508
Future contracts	11,932,285	194,910	2	21,891	3,275	169,745
Options	371,849,357	6,570,326	68	1,474,816	2,281,088	2,814,421
<b>Total</b>	<b>547,269,601</b>	<b>10,943,714</b>	<b>100</b>	<b>1,974,487</b>	<b>2,760,558</b>	<b>6,208,669</b>
<b>Liabilities</b>						
Options	311,295,196	8,112,055	69	1,941,553	1,937,725	4,232,777
Forward contracts	44,968,097	1,057,426	10	62,935	68,398	926,093
Future contracts	13,041,450	157,710	3	6	4,814	152,890
Swap contracts	82,520,691	2,561,327	18	113,754	240,005	2,207,568
Others (i)	84,184	19,665	-	19,665	-	-
<b>Total</b>	<b>451,909,618</b>	<b>11,908,183</b>	<b>100</b>	<b>2,137,913</b>	<b>2,250,942</b>	<b>7,519,328</b>

(i) Related to Public Warrants and Private placement Warrants liabilities issued by XPAC Acquisition Corp.

## 6. Hedge accounting

The Group has three types of hedge relationships: hedge of net investment in foreign operations; fair value hedge and cash flow hedge. For hedge accounting purposes, the risk factors measured by the Group are:

- Interest Rate: Risk of volatility in transactions subject to interest rate variations;
- Currency: Risk of volatility in transactions subject to foreign exchange variation;
- Stock Grant Charges: Risk of volatility in XP Inc stock prices, listed on NASDAQ.

The structure of risk limits is extended to the risk factor level, where specific limits aim at improving the monitoring and understanding processes, as well as avoiding concentration of these risks.

The structures designed for interest rate and exchange rate categories take into account total risk when there are compatible hedging instruments. In certain cases, management may decide to hedge a risk for the risk factor term and limit of the hedging instrument.

### a) Hedge of net investment in foreign operations

The objective of the Group was to hedge the risk generated by the US\$ variation from investments in our subsidiaries in the United States, XP Holdings International and XP Advisors Inc.

The Group has entered into forward contracts to protect against changes in future cash flows and exchange rate variation of net investments in foreign operations known as Non-Deliverable Forward (“NDF”) contracts.

The Group undertakes risk management through the economic relationship between hedge instruments and hedged item, in which it is expected that these instruments will move in opposite directions, in the same proportions, with the aim of neutralizing the risk factors.

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in Other comprehensive income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
Assets	Liabilities				
<b>September 30, 2022</b>					
<b>Foreign exchange risk</b>					
Hedge of net investment in foreign operations	387,339	-	(7,585)	384,671	12,013
<b>Total</b>	<b>387,339</b>	<b>-</b>	<b>(7,585)</b>	<b>384,671</b>	<b>12,013</b>
<b>December 31, 2021</b>					
<b>Foreign exchange risk</b>					
Hedge of net investment in foreign operations	310,069	-	19,474	440,022	(18,758)
<b>Total</b>	<b>310,069</b>	<b>-</b>	<b>19,474</b>	<b>440,022</b>	<b>(18,758)</b>

**b) Fair value hedge**

The Group’s fair value strategy consists of hedging the exposure to variation in fair value on the receipt, payment of interests and exchange variation on assets and liabilities.

The group applies fair value hedges as follows:

- Hedging the exposure of Fixed-Income securities carried out through structured operations certificates. The market risk hedge strategy involves avoiding temporary fluctuations in earnings arising from changes in the interest rate market in Reais. Once this risk is offset, the Group seeks to index the portfolio to the CDI, through the use of derivatives (DI1 Futuro). The hedge is contracted in order to neutralize the total exposure to the market risk of the fixed-income funding portfolio, excluding the portion of the fixed-income compensation represented by the credit spread of Banco XP S.A, seeking to obtain the closest match deadlines and volumes as possible.
- Hedging to protect the change in the fair value of the exchange risk of the component of future cash flows arising from the XP Inc bond issued (financial liability) recognized in the balance sheet of XP Inc in July 2021 by contracting derivatives (DI1 Futuro and DDI).
- Hedging the exposure of Fixed-Income securities carried out through sovereign and corporate bonds issued in local or foreign currencies, mainly US Dollars. The market risk hedge strategy involves avoiding temporary fluctuations in statement of income arising from changes in the interest rate market. Once this risk is offset, the Group seeks to index the portfolio to the CDI, through the use of derivatives (DDIs, DOL Futuro and DI1 Futuro).

The effects of hedge accounting on the financial position and performance of the Group are presented below:

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
Assets	Liabilities				
<b>September 30, 2022</b>					
<b>Interest rate and foreign exchange risk</b>					
Structured Notes	-	9,981,182	315,590	9,992,690	(323,743)
Issued Bonds	-	3,901,384	312,195	3,693,088	(344,035)
Fixed income bonds	3,787,475	-	(96,872)	3,764,982	99,162
<b>Total</b>	<b>3,787,475</b>	<b>13,882,566</b>	<b>530,913</b>	<b>17,450,760</b>	<b>(568,616)</b>

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
<b>December 31, 2021</b>					
<b>Interest rate and foreign exchange risk</b>					
Structured Notes	-	7,635,838	493,728	7,608,546	(481,464)
Issued Bonds	-	1,628,492	12,462	1,689,453	(13,727)
<b>Total</b>	<b>-</b>	<b>9,264,330</b>	<b>506,190</b>	<b>9,297,999</b>	<b>(495,191)</b>

**c) Cash flow hedge**

In March 2022, XP Inc recorded a new hedge structure, in order to neutralize the impacts of XP share price variation on highly probable labor tax payments related to share-based compensation plans using SWAP-TRS contracts. The transaction has been elected for hedge accounting and classified as cash flow hedge in accordance with IFRS 9. Labor tax payments are due upon delivery of shares to employees under share-based compensation plans and are directly related to share price at that time.

The effects of hedge accounting on the financial position and performance of the Group are presented below:

Strategies	Hedged item			Hedge instrument	
	Book Value		Variation in value recognized in Other comprehensive income	Notional value	Variation in the amounts used to calculate hedge ineffectiveness
	Assets	Liabilities			
<b>September 30, 2022</b>					
<b>Market price risk</b>					
Hedge of cash flow	-	357,630	266,629	355,956	(265,272)
<b>Total</b>	<b>-</b>	<b>357,630</b>	<b>266,629</b>	<b>355,956</b>	<b>(265,272)</b>

The table below presents, for each strategy, the nominal value and the adjustments to the fair value of the hedging instruments and the book value of the hedged object:

Hedge Instruments	September 30, 2022				
	Notional amount	Book value		Variation in fair value used to calculate hedge ineffectiveness (i)	Hedge ineffectiveness recognized in income
		Assets	Liabilities		
<b>Interest rate risk</b>					
Futures	17,129,310	3,787,475	13,560,977	(528,736)	(34,279)
<b>Foreign exchange risk</b>					
Futures	706,120	387,339	321,589	(27,867)	1,004
<b>Market price risk</b>					
Swaps	355,956	-	357,630	(265,272)	1,357

Hedge Instruments	December 31, 2021				
	Notional amount	Book value		Variation in fair value used to calculate hedge ineffectiveness (i)	Hedge ineffectiveness recognized in income
		Assets	Liabilities		
<b>Interest rate risk</b>					
Futures	8,861,195	-	8,830,343	(491,649)	10,995
<b>Foreign exchange risk</b>					
Futures	876,826	310,069	433,987	(22,300)	720

(i) Amounts recorded within the financial statement line "Derivative financial instruments". See Note 5.



The table below presents, for each strategy, the notional amount and the fair value adjustments of hedge instruments and the book value of the hedged item:

Strategies	September 30, 2022			December 31, 2021		
	Hedge instruments		Hedge item	Hedge instruments		Hedge item
	Notional amount	Fair value adjustments	Book value	Notional amount	Fair value adjustments	Book value
Hedge of fair value	17,450,760	(568,616)	530,913	9,297,999	(495,191)	506,190
Hedge of net investment in foreign operations	384,671	12,013	(7,585)	440,022	(18,758)	19,474
Hedge of cash flow	355,956	(265,272)	266,629	-	-	-
<b>Total</b>	<b>18,191,387</b>	<b>(821,875)</b>	<b>789,957</b>	<b>9,738,021</b>	<b>(513,949)</b>	<b>525,664</b>

The table below shows the breakdown notional value by maturity of the hedging strategies:

	September 30, 2022						
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Hedge of fair value	131,391	437,897	2,854,239	5,391,743	6,445,533	2,189,957	17,450,760
Hedge of net investment in foreign operations	351,218	-	33,453	-	-	-	384,671
Hedge of cash flow	355,956	-	-	-	-	-	355,956
<b>Total</b>	<b>838,565</b>	<b>437,897</b>	<b>2,887,692</b>	<b>5,391,743</b>	<b>6,445,533</b>	<b>2,189,957</b>	<b>18,191,387</b>

	December 31, 2021						
	0-1 year	1-2 years	2-3 years	3-4 years	4-5 years	5-10 years	Total
Hedge of Fair Value	136,636	276,219	478,745	972,199	4,510,125	2,924,075	9,297,999
Hedge of net investment in foreign operations	384,217	-	-	55,805	-	-	440,022
<b>Total</b>	<b>520,853</b>	<b>276,219</b>	<b>478,745</b>	<b>1,028,004</b>	<b>4,510,125</b>	<b>2,924,075</b>	<b>9,738,021</b>

## 7. Loan operations

Following are the breakdown of the carrying amount of loan operations by class, sector of debtor and maturity:

	September 30, 2022	December 31, 2021
<b>Loans by type</b>		
<b>Pledged asset loan</b>	<b>19,022,679</b>	<b>11,789,419</b>
Retail	10,456,588	7,296,172
Companies	5,093,717	1,887,649
Credit card	3,472,374	2,605,598
<b>Non-pledged loan</b>	<b>1,423,145</b>	<b>1,054,618</b>
Retail	311,258	117,032
Companies	413,674	937,586
Credit card	698,213	-
<b>Total loans operations</b>	<b>20,445,824</b>	<b>12,844,037</b>
Expected Credit Loss (Note 10)	(34,923)	(24,410)
<b>Total loans operations, net of Expected Loss</b>	<b>20,410,901</b>	<b>12,819,627</b>

	September 30, 2022	December 31, 2021
<b>By maturity</b>		
Due in 3 months or less	1,630,071	2,539,387
Due after 3 months through 12 months	5,868,121	2,081,563
Due after 12 months	12,947,632	8,223,087
<b>Total loans operations</b>	<b>20,445,824</b>	<b>12,844,037</b>

	September 30, 2022	December 31, 2021
<b>By concentration</b>		
Largest debtor	787,111	227,229
10 largest debtors	2,376,746	1,162,802
20 largest debtors	3,122,785	1,721,591
50 largest debtors	4,364,935	2,793,814
100 largest debtors	5,476,644	3,899,644

XP Inc offers loan products through Banco XP to its customers. The loan products offered to its customers are mainly fully collateralized by customers' investments on XP platform and credit product strictly related to investments in structured notes, in which the borrower is able to operate leveraged, retaining the structured note itself as guarantee for the loan.

The reconciliation of loans operations according with IFRS 9 is demonstrated in Note 10.

## 8. Prepaid expenses

	September 30, 2022	December 31, 2021
Commissions and premiums paid in advance (a)	3,788,895	3,737,354
Marketing expenses	7,927	28,147
Services paid in advance	33,323	41,990
Other expenses paid in advance	366,176	175,259
<b>Total</b>	<b>4,196,321</b>	<b>3,982,750</b>
Current	801,879	251,973
Non-current	3,394,442	3,730,777

(a) Mostly comprised by long term investment programs implemented by XP CCTVM through its network of IFAs. These commissions and premiums paid are recognized at the signing date of each contract and are amortized in the statement of income of the Company, linearly, according to the investment term period.

## 9. Securities trading and intermediation (receivable and payable)

Represented by operations at B3 on behalf of and on account of third parties, with liquidation operating cycle between D+1 and D+3.

	September 30, 2022	December 31, 2021
Cash and settlement records	1,840,608	107,246
Debtors pending settlement	2,230,436	1,380,393
Others	2,879	-
(-) Expected losses on Securities trading and intermediation (a)	(90,524)	(81,988)
<b>Total Assets</b>	<b>3,983,399</b>	<b>1,405,651</b>
Cash and settlement records	451,841	365,700
Creditors pending settlement	2,387,252	1,997,702
Customer's cash on investment account	12,535,131	13,234,153
<b>Total Liabilities</b>	<b>15,374,224</b>	<b>15,597,555</b>

(a) The reconciliation of gross carrying amount and the expected loss according with IFRS 9 were demonstrated in Note 10.

## 10. Expected Credit Losses on Financial Assets and Reconciliation of carrying amount

It is presented below the reconciliation of gross carrying amount of financial assets through other comprehensive income and financial assets measured at amortized cost – that have their ECLs (Expected Credit Losses) measured using the three-stage model, the low credit risk simplification and the simplified approach and the ECLs as of September 30, 2022:

	September 30, 2022		
	Gross carrying amount	Expected Credit Losses	Carrying amount, net
<b>Financial assets at fair value through other comprehensive income</b>			
<b>Low credit risk simplification</b>			
Securities (i) (vi)	40,801,156	(9,407)	40,801,156
<b>Financial assets amortized cost</b>			
<b>Low credit risk simplification</b>			
Securities (i)	8,062,946	(3,016)	8,059,930
Securities purchased under agreements to resell (i)	8,049,460	(2,249)	8,047,211
<b>Three stage model</b>			
Loans and credit card operations (ii) (iii)(iv)	20,445,824	(30,029)	20,415,795
<b>Simplified approach</b>			
Securities trading and intermediation	4,073,923	(90,524)	3,983,399
Accounts Receivable	607,729	(40,103)	567,626
Other financial assets	2,171,740	(51,008)	2,120,732
<b>Total losses for on-balance exposures</b>	<b>84,212,778</b>	<b>(226,336)</b>	<b>83,995,849</b>
Off-balance exposures (v)	3,643,237	(4,894)	3,638,343
<b>Total exposures</b>	<b>87,856,015</b>	<b>(231,230)</b>	<b>87,634,192</b>

(i) Financial assets considered in Stage 1.

(ii) As of September 30, 2022, are presented in Stage 1: Gross amount of R\$ 19,145,073 and ECL of R\$ 12,688; Stage 2: Gross amount of R\$ 1,288,606 and ECL of R\$ 7,801; Stage 3: Gross amount of R\$12,145 and ECL of R\$ 9,540, respectively.

(iii) Gross amount: As of September 30, 2022, there were transfers between Stage 1 to Stage 2 of R\$ 939,741; Stage 1 to Stage 3 of R\$5,768; Stage 2 to Stage 1 of R\$ 234,340; Stage 2 to Stage 3 of R\$ 5,988; Stage 3 to Stage 1 of R\$ 6 and Stage 3 to Stage 2 of R\$ 12.

(iv) Expected credit loss: As of September 30, 2022, there were transfers between Stage 1 to Stage 2 of R\$ 6,403; Stage 1 to Stage 3 of R\$ 3,972; Stage 2 to Stage 1 of R\$ 293 and Stage 2 to Stage 3 of R\$ 5,239.

(v) Include credit cards limits.

(vi) The loss allowance for ECL of R\$ 9,407 on securities at fair value through other comprehensive income does not reduce the carrying amount, but an amount equal to the allowance is recognized in OCI as an accumulated impairment amount, with corresponding impairment gains or losses recognized in the statement of income.

	December 31, 2021		
	Gross carrying amount	Expected Credit Losses	Carrying amount, net
<b>Financial assets at fair value through other comprehensive income</b>			
<b>Low credit risk simplification</b>			
Securities (i)	32,339,904	(7,527)	32,332,377
<b>Financial assets amortized cost</b>			
<b>Low credit risk simplification</b>			
Securities (i)	2,241,304	(2,497)	2,238,807
Securities purchased under agreements to resell (i)	8,897,100	(2,569)	8,894,531

	December 31, 2021		
	Gross carrying amount	Expected Credit Losses	Carrying amount, net
<b>Three stage model</b>			
Loans and credit card operations (ii) (iii)(iv)	12,844,037	(23,396)	12,820,641
<b>Simplified approach</b>			
Securities trading and intermediation	1,487,639	(81,988)	1,405,651
Accounts Receivable	475,617	(6,531)	469,086
Other financial assets	511,181	(49,666)	461,515
<b>Total losses for on-balance exposures</b>	<b>58,796,782</b>	<b>(174,174)</b>	<b>58,622,608</b>
Off-balance exposures (credit card limits) (v)	1,367,399	(1,014)	1,366,385
<b>Total exposures</b>	<b>60,164,181</b>	<b>(175,188)</b>	<b>59,988,993</b>

(i) Financial assets considered in Stage 1.

(ii) As of December 31, 2021 are presented in Stage 1: Gross amount of R\$ 12,153,549 and ECL of R\$ 13,957, Stage 2: Gross amount of R\$ 686,994 and ECL of R\$ 7,242, Stage 3: Gross amount of R\$3,494 and ECL of R\$ 2,197 respectively.

(iii) As of December 31, 2021 there were transfers between Gross amount Stage 1 to Stage 2 of R\$ 667,692, Stage 1 to Stage 3 of R\$3,494 and Stage 2 to Stage 1 of R\$ 211,648.

(iv) As of December 31, 2021 there were transfers between ECL Stage 1 to Stage 2 of R\$ 6,926, Stage 1 to Stage 3 of R\$ 6,926 and Stage 2 to Stage 1 of R\$ 225.

(v) As of December 31, 2021, there were no transfers between stages.

## 11. Investments in associates and joint ventures

Set out below the associates and joint ventures of the Group as of September 30, 2022 and December 31, 2021.

Entity	December 31, 2021	Changes in Equity	Equity in earnings / Fair value	Other comprehensive income	Goodwill	September 30, 2022
<b>Equity-accounted method</b>						
Associates (ii.a)	790,744	(24,257)	(12,604)	(797)	-	753,086
Joint ventures (ii.b)	1,197	1,073	(1,044)	(31)	-	1,195
<b>Measured at fair value</b>						
Associates (iii)	1,221,424	365,179	74,005	-	-	1,660,608
<b>Total</b>	<b>2,013,365</b>	<b>341,995</b>	<b>60,357</b>	<b>(828)</b>	<b>-</b>	<b>2,414,889</b>

Entity	December 31, 2020	Changes in Equity	Equity in earnings / Fair value	Other comprehensive income	Goodwill (i)	September 30, 2021
<b>Equity-accounted method</b>						
Associates (ii.a)	697,924	17,950	4,615	3,652	458,980	1,183,121
Joint ventures (ii.b)	1,983	1,225	(1,221)	(130)	-	1,857
<b>Total</b>	<b>699,907</b>	<b>19,175</b>	<b>3,394</b>	<b>3,522</b>	<b>458,980</b>	<b>1,184,978</b>

(i) Refers to acquisitions of associates and joint ventures. The goodwill recognized includes the amount of expected synergies arising from the investments and includes an element of contingent consideration.

(ii) As of September 30, 2022 and December 31, 2021, includes the interests in the total and voting capital of the following companies:

(a) Associates - Wealth High Governance Holding de Participações S.A. (49.9% of the total and voting capital on September 30, 2022, and December 31, 2021); Primo Rico Mídia, Educacional e Participações Ltda. (29.3% of the total and voting capital on September 30, 2022, and December 31, 2021); NK112 Empreendimentos e Participações S.A. (49.9% of the total and voting capital on September 30, 2022, and December 31, 2021).

(b) Joint ventures - Du Agro Holdings S.A. (49% of the total and voting capital on September 30, 2022, and December 31, 2021).

(iii) As mentioned in Note 2 (d)(ii), the Group valued the investments held through our investment funds at fair value. The fair value of investments is presented in the statement of income as Net income/(loss) from financial instruments at fair value through profit or loss.

## 12. Property, equipment, goodwill, intangible assets and lease

### a) Changes in the period

	Property and equipment	Intangible assets
<b>As of January 1, 2021</b>	<b>204,032</b>	<b>713,563</b>
Additions	107,577	206,612
Write-offs	(1,925)	(11,882)
Transfers	5	(5)
Foreign exchange	(414)	13
Depreciation / amortization in the period	(16,246)	(132,892)
<b>As of September 30, 2021</b>	<b>293,029</b>	<b>775,409</b>
Cost	347,767	971,443
Accumulated depreciation / amortization	(54,738)	(196,034)
<b>As of January 1, 2022</b>	<b>313,964</b>	<b>820,975</b>
Additions	33,528	15,618
Business combination	-	60,037
Write-offs	(1,179)	(1,998)
Transfers	(15,018)	-
Foreign exchange	(283)	(3,147)
Depreciation / amortization in the period	(23,201)	(76,648)
<b>As of September 30, 2022</b>	<b>307,811</b>	<b>814,837</b>
Cost	392,022	1,097,103
Accumulated depreciation / amortization	(84,211)	(282,266)

### b) Impairment test for goodwill

Given the interdependency of cash flows and the merger of business practices, all Group's entities are considered a single cash generating units ("CGU") and, therefore, goodwill impairment test is performed at the single operating level. Therefore, the carrying amount considered for the impairment test represents the Company's equity.

The Group performs its annual impairment test in December and when circumstances indicates that the carrying value may be impaired. The Group's impairment tests are based on value-in-use calculations. The key assumptions used to determine the recoverable amount for the cash generating unit were disclosed in the annual consolidated financial statements for the year ended December 31, 2021. As of September 30, 2022, there were no indicators of a potential impairment of goodwill.

### c) Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period.

	Right-of-use assets	Lease liabilities
<b>As of January 1, 2021</b>	<b>183,134</b>	<b>208,448</b>
Additions (i)	79,146	79,146
Depreciation expense	(30,219)	-
Write-offs	(856)	-
Interest expense	-	12,166

	Right-of-use assets	Lease liabilities
Revaluation	25,036	24,260
Effects of exchange rate	3,853	4,189
Payment of lease liabilities	-	(42,695)
<b>As of September 30, 2021</b>	<b>260,094</b>	<b>285,514</b>
<b>As of January 1, 2022,</b>	<b>284,509</b>	<b>318,555</b>
Additions (i)	30,998	31,086
Depreciation expense	(60,412)	-
Interest expense	-	16,717
Revaluation	8,662	(89)
Effects of exchange rate	(2,911)	(3,052)
Payment of lease liabilities	-	(73,921)
<b>As of September 30, 2022</b>	<b>260,846</b>	<b>289,296</b>
Current	-	70,562
Non-current	260,846	218,734

(i) Additions to right-of-use assets in the period include prepayments to lessors and accrued liabilities.

The Group did not recognize rent expense from short-term leases and low-value assets for the nine-months period ended September 30, 2022 (R\$ 1,014 – September 30, 2021) and for the three months period ended September 30, 2022 (R\$ 7 – September 30, 2021). The total rent expense for the nine months period ended September 30, 2022, is R\$ 9,355 (R\$ 13,982 – September 30, 2021) and for the three months period ended September 30, 2022, is R\$ 5,322 (R\$ 2,279 – September 30, 2021) and include other expenses related to leased offices such as condominium for the nine months period ended September 30, 2022.

### 13. Financing Instruments Payable

	September 30, 2022	December 31, 2021
<b>Market funding operations (a)</b>	<b>35,818,121</b>	<b>20,122,206</b>
Deposits	21,205,409	9,898,630
Demands deposits	467,043	229,691
Time deposits	20,730,493	9,662,694
Interbank deposits	7,873	6,245
Financial bills	3,566,131	2,587,738
Structured operations certificates	11,026,404	7,635,838
Others	20,177	-
<b>Debt securities (b)</b>	<b>5,598,190</b>	<b>4,306,880</b>
Debentures	1,955,857	169,094
Bond	3,642,333	4,137,786
<b>Total</b>	<b>41,416,311</b>	<b>24,429,086</b>
Current	19,663,948	8,018,854
Non-Current	21,752,363	16,410,232

#### (a) Maturity

##### Maturity - September 30, 2022

Class	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	After 360 days	Total
Demand deposits	467,043	-	-	-	-	-	467,043
Others	-	-	-	-	11,477	8,700	20,177
Time deposits	3,945,885	2,925,281	4,204,183	3,454,496	2,622,242	3,578,406	20,730,493
Interbank deposits	-	-	-	-	7,105	768	7,873
Financial bills	-	-	-	-	1,677,551	1,888,580	3,566,131
Structured operations certificates	2,817	3,512	-	8,265	202,305	10,809,505	11,026,404
<b>Total</b>	<b>4,415,745</b>	<b>2,928,793</b>	<b>4,204,183</b>	<b>3,462,761</b>	<b>4,520,680</b>	<b>16,285,959</b>	<b>35,818,121</b>



**Maturity – December 31, 2021**

Class	Within 30 days	From 31 to 60 days	From 61 to 90 days	From 91 to 180 days	From 181 to 360 days	After 360 days	Total
Demand deposits	229,691	-	-	-	-	-	229,691
Time deposits	751,676	520,694	712,092	3,231,965	2,341,770	2,104,497	9,662,694
Interbank deposits	-	3,125	-	-	-	3,120	6,245
Financial bills	-	-	-	10,945	6,164	2,570,629	2,587,738
Structured operations certificates	1,510	3,940	5,428	9,120	21,640	7,594,200	7,635,838
<b>Total</b>	<b>982,877</b>	<b>527,759</b>	<b>717,520</b>	<b>3,252,030</b>	<b>2,369,574</b>	<b>12,272,446</b>	<b>20,122,206</b>

**(b) Debt securities**

The total balance is comprised of the following issuances:

	September 30, 2022			December 31, 2021		
	Up to 1 year	1-5 years	Total	Up to 1 year	1-5 years	Total
Bonds (i) Fixed rate	131,786	3,510,547	3,642,333	-	4,137,786	4,137,786
Debentures (ii) (iii) Fixed/Variable Rate	-	1,955,857	1,955,857	169,094	-	169,094
<b>Total</b>	<b>131,786</b>	<b>5,466,404</b>	<b>5,598,190</b>	<b>169,094</b>	<b>4,137,786</b>	<b>4,306,880</b>
Current			131,786			169,094
Non- Current			5,466,404			4,137,786

**(i) XP Inc Bonds**

On July 1, 2021, XP Inc. concluded the issuance of a gross of US\$750 million senior unsecured notes with net proceeds of US\$739 million (R\$ 3,697 million) with maturity on July 1, 2026, and bear interest at the rate of 3.250% per year and will be guaranteed by XP Investimentos S.A.

**(ii) XP Energy issuance**

On December 8, 2021, XP Energia issued non-convertible Debentures in the amount of R\$485,511. The Debentures series has a maximum authorized issuance up to R\$1,000,000. The objective is to fund the Group's working capital and treasury investments related to wholesale electricity trade business. The principal amount is due and will be paid on the maturity date of December 8, 2023. The interest rate is CDI+2.5% annually payable. On September 30, 2022, the total amount is R\$ 709,286, out of which R\$ 101,145 is held by entities outside the Group and as such is included in the consolidated financial statement.

**(iii) XP Investimentos**

On July 19, 2022, XP Investimentos issued non-convertible debentures in the amount of R\$1,800,000 (R\$900,000 of series 1 and R\$900,000 of series 2). The debentures series, added together, has a maximum authorized issuance up to R\$1,800,000. The principal amount is due and will be paid on the maturity date as follow: (i) June 23, 2024 (series 1) and (ii) June 23, 2025 (series 2). The interest rates for series 1 and series 2 debentures are CDI+1.75% and CDI+1.90%, respectively.

## 14. Borrowings

	Annual interest rate %	Maturity	September 30, 2022	December 31, 2021
Financial institution (i)	2.55%	May 2023	1,611,945	1,651,871
Financial institution (ii)	CDI (*)+ 0.74%	April 2023	288,908	276,911
<b>Third parties</b>			<b>1,900,853</b>	<b>1,928,782</b>
<b>Total borrowings</b>			<b>1,900,853</b>	<b>1,928,782</b>
Current			1,900,853	1,661,067
Non-current			-	267,715

(\*) Brazilian Interbank Offering Rate (CDI).

(i) Loan agreement with *Banco Nacional de México*. On May 2022, the loan agreement was rolled over for 1 year, amending the maturity to May 2023.

(ii) Loan agreement entered into on March 28, 2018 with the International Finance Corporation (IFC). The principal amount is due on the maturity date and accrued interests payable at every six months.

Some of the obligations above contain financial covenants, which have certain performance conditions. The Group has complied with these covenants throughout the reporting period (Note 29 (ii)).

## 15. Other financial assets and financial liabilities

### a) Other financial assets

	September 30, 2022	December 31, 2021
Foreign exchange portfolio	1,129,957	331,563
Receivables from IFAs	173,845	177,895
Compulsory and other deposits at central banks	866,404	-
Other financial assets	1,534	1,723
(-) Expected losses on other financial assets (i)	(51,008)	(49,666)
<b>Total</b>	<b>2,120,732</b>	<b>461,515</b>
Current	1,431,957	331,563
Non-current	688,775	129,952

(i) The reconciliation of gross carrying amount and the expected loss according with IFRS 9 are presented in Note 10.

### b) Other financial liabilities

	September 30, 2022	December 31, 2021
Foreign exchange portfolio	1,420,029	425,409
Structured financing (i)	1,798,492	2,415,400
Credit cards operations	3,996,193	2,522,833
Contingent consideration (ii)	767,752	743,443
Commitments subject to possible redemption (iii)	1,074,204	1,080,721
Lease liabilities	289,296	318,555
Others	317,474	174,111
<b>Total</b>	<b>9,663,440</b>	<b>7,680,472</b>
Current	8,641,870	5,860,674
Non-current	1,021,570	1,819,798

(i) Financing for maintenance of financial assets required to perform financial transactions.

(ii) Contractual contingent considerations mostly associated with the investment acquisition. The maturity of the total contingent consideration payment is up to 6 years and the contractual maximum amount payable is R\$ 883,116 (the minimum amount is zero).

(iii) Related to the IPO transaction of XPAC Acquisition Corp. that occurred on August 3, 2021. The capital issued by XPAC Acquisition Corp. includes conditionally redeemable Class A ordinary shares that feature redemption rights that are either within the control of the holder or subject to redemption upon the occurrence of uncertain events not solely within the Company's control. The noncontrolling shareholders of XPAC Acquisition Corp. have the right to redeem their shares in cash at the earliest of (i) upon the completion of XPAC Acquisition Corp's initial business combination or (ii) 24 months from the closing of the IPO transaction.

## 16. Retirement plans liabilities

As of September 30, 2022, active plans are principally accumulation of financial resources through products PGBL and VGBL structured in the form of variable contribution, for the purpose of granting participants with returns based on the accumulated capital in the form of monthly withdraws for a certain term or temporary monthly withdraws.

In this respect, such financial products represent investment contracts that have the legal form of private pension plans, but which do not transfer insurance risk to the Group. Therefore, contributions received from participants are accounted for as liabilities and balance consists of the balance of the participant in the linked Specially Constituted Investment Fund ("FIE") at the reporting date (Note 4 (i)).

Changes in the period:

	Nine months period ended September 30,	
	2022	2021
<b>As of January, 1</b>	<b>31,921,400</b>	<b>13,387,913</b>
Contributions received	1,968,179	1,977,179
Transfer with third party plans	8,529,102	12,193,965
Withdraws	(2,627,886)	(929,182)
Other provisions (Constitution/Reversion)	27,440	15,810
Monetary correction and interest income	2,896,120	65,330
<b>As of September, 30</b>	<b>42,714,355</b>	<b>26,711,015</b>

## 17. Income tax

### a) Deferred income tax

Deferred tax assets (DTA) and deferred tax liabilities (DTL) are comprised of the main following components:

	Balance Sheet	
	September 30, 2022	December 31, 2021
Tax losses carryforwards	481,284	108,138
Goodwill on business combinations (i)	9,557	12,429
Provisions for IFAs' commissions	74,087	76,974
Revaluations of financial assets at fair value	(32,517)	173,740
Expected credit losses (ii)	51,948	43,931
Profit sharing plan	127,939	260,865
Net gain (loss) on hedge instruments	(1,974)	28,124
Share-based compensation	568,936	385,594
Other provisions	110,135	154,340
<b>Total</b>	<b>1,389,395</b>	<b>1,244,135</b>
<b>Deferred tax assets</b>	<b>1,508,896</b>	<b>1,273,069</b>
<b>Deferred tax liabilities</b>	<b>(119,501)</b>	<b>(28,934)</b>

	Net change in the nine months period ended September 30,		Net change in the three months period ended September 30,	
	2022	2021	2022	2021
Tax losses carryforwards	373,146	137,944	164,871	(4,118)
Goodwill on business combinations (i)	(2,872)	(12,534)	3,826	(9,996)
Provisions for IFAs' commissions	(2,887)	(95)	(12,183)	(9,422)
Revaluations of financial assets at fair value	(206,257)	125,479	(173,076)	87,768
Expected credit losses (ii)	8,017	20,297	(3,913)	18,107
Profit sharing plan	(132,926)	(18,908)	(119,315)	61,904
Net gain (loss) on hedge instruments	(30,098)	8,755	(44)	(8,003)
Share based compensation	183,342	209,829	67,085	139,780
Other provisions	(44,205)	74,289	(64,411)	107,577
<b>Total</b>	<b>145,260</b>	<b>545,056</b>	<b>(137,162)</b>	<b>383,597</b>

- (i) For tax purposes, goodwill is amortized over 5 years on a straight-line basis when the acquired entity is sold or merged into another entity.
- (ii) Include expected credit loss on accounts receivable, loan operations and other financial assets.

The changes in the net deferred tax were recognized as follows:

	Nine months period ended September 30,	
	2022	2021
<b>As of January, 1</b>	<b>1,244,135</b>	<b>496,694</b>
Foreign exchange variations	(21,289)	9,269
Charges to statement of income	319,165	224,167
Tax relating to components of other comprehensive income	(152,615)	311,620
<b>As of September 30,</b>	<b>1,389,396</b>	<b>1,041,750</b>

Unrecognized deferred taxes

Deferred tax assets are recognized for tax losses to the extent that the realization of the related tax benefit against future taxable profits is probable. The Group did not recognize deferred tax assets of R\$ 13,001 (December 31, 2021 - R\$ 39,446) mainly in respect of losses from subsidiaries overseas and that can be carried forward and used against future taxable income.

**b) Income tax expense reconciliation**

The tax on the Group's pre-tax profit differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities. The following is a reconciliation of income tax expense to profit (loss) for the period, calculated by applying the combined Brazilian statutory rates at 34% for the nine months period ended September 30:

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
Income before taxes	2,706,608	2,694,579	982,921	907,938
Combined tax rate in Brazil (a)	34%	34%	34%	34%
Tax expense at the combined rate	920,247	916,157	334,193	308,699
Income (loss) from entities not subject to taxation	58	1,683	8	133
Effects from entities taxed at different rates	47,484	64,902	46,657	11,856
Effects from entities taxed at different taxation regimes (b)	(1,066,638)	(813,123)	(397,565)	(330,998)
Intercompany transactions with different taxation	(18,503)	(55,459)	(6,224)	(21,850)
Tax incentives and related donation programs	-	(4,467)	-	(1,196)

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
Non-deductible expenses (non-taxable income), net	1,734	961	(40,614)	2,005
Effect from social contribution on net income rate (Law No. 14,183)	(4,439)	(25,396)	(25)	-
Others	28,955	7,511	15,613	2,902
<b>Total</b>	<b>(91,102)</b>	<b>92,769</b>	<b>(47,957)</b>	<b>(28,449)</b>
Current	228,063	316,936	11,193	55,385
Deferred	(319,165)	(224,167)	(59,150)	(83,834)
<b>Total expense / (credit)</b>	<b>(91,102)</b>	<b>92,769</b>	<b>(47,957)</b>	<b>(28,449)</b>

- (a) Considering that XP Inc. is domiciled in Cayman and there is no income tax in that jurisdiction, the combined tax rate of 34% demonstrated above is the current rate applied to XP Investimentos S.A. which is the holding company of all operating entities of XP Inc. in Brazil.
- (b) Certain eligible subsidiaries adopted the PPM tax regime and the effect of the presumed profit of subsidiaries represents the difference between the taxation based on this method and the amount that would be due based on the statutory rate applied to the taxable profit of the subsidiaries. Additionally, some entities and investment funds adopt different taxation regimes according to the applicable rules in their jurisdictions

Other comprehensive income

The tax (charge) credit relating to components of other comprehensive income is as follows:

	Before tax	(Charge) Credit	After tax
Foreign exchange variation of investees located abroad	13,036	-	13,036
Gains (losses) on net investment hedge	(18,364)	6,625	(11,739)
Changes in the fair value of financial assets at fair value	(763,766)	304,994	(458,772)
<b>As of September 30, 2021</b>	<b>(769,094)</b>	<b>311,619</b>	<b>(457,475)</b>
Foreign exchange variation of investees located abroad	(12,270)	-	(12,270)
Gains (losses) on net investment hedge	14,281	(6,726)	7,555
Changes in the fair value of financial assets at fair value	384,437	(145,890)	238,547
<b>As of September 30, 2022</b>	<b>386,448</b>	<b>(152,616)</b>	<b>233,832</b>

**18. Equity**

**(a) Issued capital**

The Company has an authorized share capital of US\$ 35 thousand, corresponding to 3,500,000,000 authorized shares with a par value of US\$ 0,00001 each of which:

- 2,000,000,000 shares are designated as Class A common shares and issued; and
- 1,000,000,000 shares are designated as Class B common shares and issued.

The remaining 500,000,000 authorized but unissued shares are presently undesignated and may be issued by our board of directors as common shares of any class or as shares with preferred, deferred or other special rights or restrictions. Therefore, the Company is authorized to increase capital up to this limit, subject to approval of the Board of Directors.

On January 10, 2022, XP Inc issued 445,328 Class A common shares as part of our acquisition of a minority stake of Vista Capital.

As of September 30, 2022, the Company had R\$24 of issued capital which were represented by 447,300,537 Class A common shares and 112,717,094 Class B common shares.

**(b) Additional paid-in capital and capital reserve**

Class A and Class B common shares, have the following rights:

- Each holder of a Class B common share is entitled, in respect of such share, to 10 votes per share, whereas the holder of a Class A common share is entitled, in respect of such share, to one vote per share.
- Each holder of Class A common shares and Class B common shares vote together as a single class on all matters (including the election of directors) submitted to a vote of shareholders, except as provided below and as otherwise required by law.
- Class consents from the holders of Class A common shares and Class B common shares, as applicable, shall be required for any modifications to the rights attached to their respective class of shares the rights conferred on holders of Class A common shares shall not be deemed to be varied by the creation or issue of further Class B common shares and vice versa; and
- the rights attaching to the Class A common shares and the Class B common shares shall not be deemed to be varied by the creation or issue of shares with preferred or other rights, including, without limitation, shares with enhanced or weighted voting rights.

The Articles of Association provide that at any time when there are Class A common shares in issue, Class B common shares may only be issued pursuant to: (a) a share split, subdivision of shares or similar transaction or where a dividend or other distribution is paid by the issue of shares or rights to acquire shares or following capitalization of profits; (b) a merger, consolidation, or other business combination involving the issuance of Class B common shares as full or partial consideration; or (c) an issuance of Class A common shares, whereby holders of the Class B common shares are entitled to purchase a number of Class B common shares that would allow them to maintain their proportional ownership and voting interests in XP Inc.

The Board of Directors approved in December 2019 a share based long-term incentive plan, which the maximum number of shares should not exceed 5% of the issued and outstanding shares. As of September 30, 2022, the outstanding number of shares reserved under the plans were 14,431,372 restricted share units ("RSUs") (December 31, 2021- 15,153,830) and 2,966,060 performance restricted units ("PSUs") (December 31, 2021 - 2,966,060) to be issued at the vesting date.

The additional paid-in capital refers to the difference between the purchase price that the shareholders pay for the shares and their par value. Under Cayman Law, the amount in this type of account may be applied by the Company to pay distributions or dividends to members, pay up unissued shares to be issued as fully paid, for redemptions and repurchases of own shares, for writing off preliminary expenses, recognized expenses, commissions or for other reasons. All distributions are subject to the Cayman Solvency Test which addresses the Company's ability to pay debts as they fall due in the natural course of business

**(c) Treasury shares**

The Group recognized amounts of treasury shares as a result of: (i) the merger of XPart into XP Inc., which was settled through XP Inc.'s own shares; (ii) the share buy-back program, approved in May 2022. (iii) the share purchase agreement with Itaú Unibanco, signed on June 2022. The treasury shares are registered as a deduction from equity until the shares are canceled or reissued.

As of September 30, 2022, the Group held 5,596,286 shares in treasury (726,776 – December 31, 2021) with an amount of R\$ 681,054 (R\$ 171,939 - December 31, 2021).

**(d) Dividends distribution**

The Group has not adopted a dividend policy with respect to future distributions of dividends. The amount of any distributions will depend on many factors such as the Company's results of operations, financial condition, cash requirements, prospects and other factors deemed relevant by XP Inc. board of directors and, where applicable, the shareholders.

For the nine months period ended September 30, 2022, XP Inc. has not declared and paid dividends to the shareholders.

Non-controlling shareholders of some XP Inc's subsidiaries has received dividends in the period ended of September 30, 2022.

**(e) Other comprehensive income**

Other comprehensive income is comprised of changes in the fair value of financial assets at fair value through other comprehensive income, while these financial assets are not realized. Also includes gains (losses) on net investment hedge and foreign exchange variation of investees located abroad.

## 19. Related party transactions

The main transactions carried with related parties, conducted on an arm's length basis, including interest rates, terms and guarantees, and period-end balances arising from such transactions are as follows:

Relation and transaction	Assets (Liabilities)		Revenue (Expenses)			
	September 30, 2022	December 31, 2021	Nine months period ended September 30,		Three months period ended September 30,	
			2022	2021	2022	2021
<b>Shareholders with significant influence (i)</b>	<b>(2,549,135)</b>	<b>(2,096,701)</b>	<b>(156,942)</b>	<b>(35,374)</b>	<b>(53,106)</b>	<b>(13,778)</b>
Securities	250,248	194,892	18,294	1,415	8,394	787
Securities purchased under agreements to resell	599,998	-	8,665	2,556	1,680	1,726
Accounts receivable	619	9,205	519	399	46	102
Securities sold under repurchase agreements	(3,400,000)	(2,300,798)	(184,420)	(39,723)	(63,226)	(16,393)
Borrowings	-	-	-	(21)	-	-

(i) These transactions are mainly related to Itaúsa S.A. Group.

Transactions with related parties also includes transactions among the Company and its subsidiaries in the course of normal operations include services rendered such as: (i) education, consulting and business advisory; (ii) financial advisory and financial consulting in general; (iii) management of resources and portfolio management; (iv) information technology and data processing; (v) insurance and (vi) loan operations. The effects of these transactions have been eliminated and do not have effects on the consolidated financial statements.

## 20. Provisions and contingent liabilities

The Company and its subsidiaries are party to judicial and administrative litigations before various courts and government bodies, arising from the ordinary course of operations, involving tax, civil and labor matters and other issues. Periodically, Management evaluates the tax, civil and labor risks, based on legal, economic and tax supporting data, in order to classify the risks as probable, possible or remote, in accordance with the chances of them occurring and being settled, taking into consideration, case by case, the analyses prepared by external and internal legal advisors.

	September 30, 2022	December 31, 2021
Tax contingencies	10,991	10,374
Civil contingencies	19,942	12,539
Labor contingencies	7,250	6,395
<b>Total provision</b>	<b>38,183</b>	<b>29,308</b>

Judicial deposits (i) 11,834 11,202

(i) There are circumstances in which the Group is questioning the legitimacy of certain litigations or claims filed against it. As a result, either because of a judicial order or based on the strategy adopted by management, the Group might be required to secure part or the whole amount in question by means of judicial deposits, without this being characterized as the settlement of the liability. These amounts are classified as "Other assets" on the balance sheets and referred above for information.

### Changes in the provision during the period

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
<b>At the beginning of period</b>	<b>29,310</b>	<b>19,711</b>	<b>32,385</b>	<b>26,413</b>
Monetary correction	3,152	5,606	1,073	675
Provision accrued	7,503	6,874	5,032	1,772
Provision reversed	(202)	(2,440)	-	(1,188)
Payments	(1,580)	(2,174)	(307)	(95)
<b>At the end of period</b>	<b>38,183</b>	<b>27,577</b>	<b>38,183</b>	<b>27,577</b>



## Nature of claims

### a) Tax

As of September 30, 2022, the Group has claims classified as probable risk of loss in the amount of R\$ 10,991 (December 31, 2021 - R\$ 10,374), regarding questioning the definition of the basis for calculating revenues to be paid correctly. This case was pending the specialized technical report after the decision of the court of second instance to grant the right to provide evidence and send the case back to the court of first instance. These processes are supported by judicial deposits in their entirety.

### b) Civil

Most of the civil and administrative claims involve matters that are normal and specific to the business and refer to demands for indemnity primarily due to: (i) financial losses in the stock market; (ii) portfolio management; and (iii) alleged losses generated from the liquidation of customers assets in portfolio due to margin cause and/or negative balance. As of September 30, 2022, there were 154 (December 31, 2021 - 105) civil and administrative claims for which the likelihood of loss has been classified as probable, in the amount of R\$ 19,942 (December 31, 2021 - R\$ 12,539).

### c) Labor

Labor claims to which the Group is party primarily concern: (i) the existence (or otherwise) of a working relationship between the Group and IFAs; and (ii) severance payment of former employees. As of September 30, 2022, the Company and its subsidiaries are the defendants in approximately 16 cases involving labor matters for which the likelihood of loss has been classified as probable, in the amount of R\$ 7,250 (December 31, 2021 - R\$ 6,395).

## Contingent liabilities - probability of loss classified as possible

In addition to the provisions constituted, the Company and its subsidiaries have several labor, civil and tax contingencies in progress, in which they are the defendants, and the likelihood of loss, based on the opinions of the internal and external legal advisors, is considered possible, and the contingencies amount to approximately R\$ 691,349 (December 31, 2021 - R\$ 487,121).

Below is summarized these possible claims by nature:

	September 30, 2022	December 31, 2021
Tax (i)	379,758	228,602
Civil (ii)	300,681	232,775
Labor	10,910	25,744
<b>Total</b>	<b>691,349</b>	<b>487,121</b>

(i) In December 2019, the Group was notified by tax authorities for a requirement of social security contributions due to employee profit sharing payments related to the calendar year 2015, allegedly in violation of Brazilian Law 10,101/00. Currently, the first appeal was denied by the first administrative level of the Revenue Service Office. The Group will provide the ordinary appeal to the Administrative Council of Tax Appeals ("CARF"). There are other favorable CARF precedents on the subject and the Group obtained legal opinions that support the Group's defense and current practice.

In November 2021, the Group was notified by tax authorities for a requirement of social security contributions due to employee profit sharing payments related to the calendar year 2017, allegedly in violation of Brazilian Law 10,101/00 and non-deductible expenses for the income tax in amount of received by the members of Council. The amount claimed is R\$97,456. An administrative appeal was filed against the assessment, which is awaiting judgment by the Federal Revenue of Brazil ("RFB").

In December 2021, the Group received a tax assessment in total amount of R\$ 58,262 for benefits that occurred in 2016, regarding the amortized goodwill originated in the acquisition of the General Atlantic and Actis at XP CCTVM in different years (2013 and 2016). On October 2022, an unfavorable decision was ruled against to XP in the first administrative instance. An administrative appeal will be presented on the second administrative instance.

In June 2022, the Group was notified by the Public Labor Ministry for requirement of FGTS (Fund for Guaranteed Time of Service) due to employees in the profit-sharing payments related to the calendar years from 2015 until 2020, allegedly in violation of Brazilian Law 10,101/00. The Group has presented its administrative defense.

- (ii) The Group is defendant in 715 (December 31, 2021 – 586) civil and administrative claims by customers and investment agents, mainly related to portfolio management, risk rating, copyrights and contract termination. The total amount represents the collective maximum value to which the Group is exposed based on the claims' amounts monetarily restated.

## 21. Total revenue and income

### a) Net revenue from services rendered

Revenue from contracts with customers derives mostly from services rendered and fees charged at daily transactions from customers, therefore mostly recognized at a point in time. Disaggregation of revenue by major service lines are as follows:

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
<b>Major service lines</b>				
Brokerage commission	1,558,443	1,923,825	498,109	632,799
Securities placement	1,270,534	1,424,832	525,088	442,303
Management fees	1,168,686	1,108,997	361,209	414,775
Insurance brokerage fee	105,891	99,780	35,048	33,296
Educational services	21,010	60,446	6,333	14,575
Commission fees	327,179	115,779	134,974	57,146
Other services	347,107	366,746	142,991	154,256
<b>Gross revenue from services rendered</b>	<b>4,798,850</b>	<b>5,100,405</b>	<b>1,703,752</b>	<b>1,749,150</b>
(-) Sales taxes and contributions on services (i)	(423,044)	(455,854)	(145,450)	(160,270)
	<b>4,375,806</b>	<b>4,644,551</b>	<b>1,558,302</b>	<b>1,588,880</b>

- (i) Mostly related to taxes on services (ISS) and contributions on revenue (PIS and COFINS).

### b) Net income/(loss) from financial instruments

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
Net income/(loss) from financial instruments at fair value through profit or loss	4,715,330	5,266,644	1,517,816	2,335,500
Net income/(loss) from financial instruments measured at amortized cost and at fair value through other comprehensive income	1,185,122	(1,015,419)	589,801	(717,128)
<b>Total income from financial instruments</b>	<b>5,900,452</b>	<b>4,251,225</b>	<b>2,107,617</b>	<b>1,618,372</b>
(-) Taxes and contributions on financial income	(105,586)	(78,291)	(45,594)	(35,893)
	<b>5,794,866</b>	<b>4,172,934</b>	<b>2,062,023</b>	<b>1,582,479</b>

### c) Disaggregation by geographic location

Breakdown of total net revenue and income and selected assets by geographic location:

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
Brazil	9,836,021	8,551,425	3,480,424	3,090,739
United States	327,561	247,082	135,073	79,082
Europe	7,090	18,978	4,828	1,538
<b>Revenues</b>	<b>10,170,672</b>	<b>8,817,485</b>	<b>3,620,325</b>	<b>3,171,359</b>

	September 30, 2022	December 31, 2021
Brazil	8,535,071	7,698,115
United States	472,541	106,736
Europe	39,294	1,746
<b>Selected assets (i)</b>	<b>9,046,906</b>	<b>7,806,597</b>

(i) Selected assets are total assets of the Group, less: cash, financial assets and deferred tax assets and are presented by geographic location.

None of the clients represented more than 10% of our revenues for the periods presented.

## 22. Operating costs

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
<b>Commission and incentive costs</b>	<b>2,075,839</b>	<b>2,074,883</b>	<b>713,318</b>	<b>712,844</b>
<b>Operating losses</b>	<b>39,662</b>	<b>24,228</b>	<b>14,919</b>	<b>7,538</b>
<b>Other costs</b>	<b>684,145</b>	<b>464,963</b>	<b>248,683</b>	<b>168,633</b>
Clearing house fees	314,435	288,603	106,930	104,964
Third parties' services	47,044	69,304	17,615	13,684
Credit card cashback	162,152	42,770	62,252	28,203
Other (i)	160,514	64,286	61,886	21,782
<b>Total</b>	<b>2,799,646</b>	<b>2,564,074</b>	<b>976,920</b>	<b>889,015</b>

(i) Other cost includes operational losses incurred in the ordinary course of the Group's business and other costs.

## 23. Operating expenses by nature

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
<b>Selling Expenses (a)</b>	<b>91,141</b>	<b>163,973</b>	<b>32,649</b>	<b>57,654</b>
<b>Administrative expenses</b>	<b>4,273,233</b>	<b>3,348,345</b>	<b>1,502,793</b>	<b>1,267,171</b>
<b>Personnel expenses</b>	<b>3,051,211</b>	<b>2,475,245</b>	<b>1,057,337</b>	<b>924,324</b>
Compensation	1,244,477	1,011,969	382,045	419,962
Employee profit-sharing and bonus	1,186,772	981,948	463,673	294,304
Executives profit-sharing	101,000	77,899	41,857	39,025
Other personnel expenses (b)	518,962	403,429	169,762	171,033
<b>Other taxes expenses</b>	<b>51,362</b>	<b>26,840</b>	<b>19,170</b>	<b>9,684</b>
<b>Depreciation of property and equipment and right-of-use assets</b>	<b>83,613</b>	<b>46,465</b>	<b>24,637</b>	<b>16,532</b>
<b>Amortization of intangible assets</b>	<b>76,648</b>	<b>132,892</b>	<b>19,017</b>	<b>34,946</b>
<b>Data processing</b>	<b>485,885</b>	<b>326,317</b>	<b>169,822</b>	<b>122,754</b>
<b>Technical services</b>	<b>133,695</b>	<b>107,835</b>	<b>59,679</b>	<b>51,440</b>
<b>Third parties' services</b>	<b>281,917</b>	<b>154,782</b>	<b>107,075</b>	<b>76,470</b>
<b>Other administrative expenses (c)</b>	<b>108,902</b>	<b>77,969</b>	<b>46,056</b>	<b>31,021</b>
<b>Total</b>	<b>4,364,374</b>	<b>3,512,318</b>	<b>1,535,442</b>	<b>1,324,825</b>

(a) Selling expenses refers to advertising and publicity.

(b) Other personnel expenses include benefits, social charges and others.

(c) Other administrative expenses include rent, communication and travel expenses, legal and judicial and other expenses.

**24. Other operating income (expenses), net**

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
<b>Other operating income</b>	<b>83,104</b>	<b>144,705</b>	<b>47,621</b>	<b>24,057</b>
Revenue from incentives from Tesouro Direto, B3 and Others	43,086	111,127	38,622	10,238
Other operating income (a)	40,018	33,578	8,999	13,819
<b>Other operating expenses</b>	<b>(60,775)</b>	<b>(53,723)</b>	<b>(18,364)</b>	<b>(22,971)</b>
Legal proceedings and agreement with customers	(6,989)	(2,844)	(2,547)	(810)
Losses on write-off and disposal of assets	(2,717)	(4,213)	(931)	(1,308)
Charity	(23,388)	(19,228)	(3,658)	(9,249)
Other operating expenses (b)	(27,681)	(27,438)	(11,228)	(11,604)
<b>Total</b>	<b>22,329</b>	<b>90,982</b>	<b>29,257</b>	<b>1,086</b>

(a) Other operating income include recovery of charges and expenses, reversal of operating provisions, interest received on tax and others.

(b) Other operating expenses include fines and penalties, association and regulatory fees and other expenses.

**25. Share-based plan**

**Outstanding shares granted and valuation inputs**

The maximum number of shares available for issuance under the share-based plan shall not exceed 5% of the issued and outstanding shares.

Set out below are summaries of XP Inc's RSU and PSU activity for the nine months period ended September 30, 2022.

(In thousands, except weighted-average data, and where otherwise stated)	RSUs	PSUs	Total
	Number of units	Number of units	Number of units
<b>Outstanding, January 1</b>	<b>15,153,830</b>	<b>2,966,060</b>	<b>18,119,890</b>
Granted	814,745	-	814,745
Forfeited	(1,504,682)	-	(1,504,682)
Vested	(32,521)	-	(32,521)
<b>Outstanding, September 30</b>	<b>14,431,372</b>	<b>2,966,060</b>	<b>17,397,432</b>

For the nine and three months period ended September 30, 2022, and 2021, total compensation expense of both plans was R\$ 611,962 and R\$ 186,311 (2021 - R\$ 505,228 and R\$ 165,340), including R\$ 144,213 and R\$ 39,765 (2021 - R\$ 114,732 and R\$ 37,271) of tax provisions and does not include any tax benefits on total share-based compensation expense once, this expense is not deductible for tax purposes. The tax benefits will be perceived when the shares are converted into common shares.

The original weighted-average grant-date fair value of RSU and PSU shares is US\$ 27 and US\$ 52.41, respectively.

**26. Earnings per share (basic and diluted)**

Basic earnings per share is calculated by dividing net income for the period attributed to the owners of the parent by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated by dividing net income attributable to owners of XP Inc by the weighted average number of shares outstanding during the year plus the weighted average number of shares that would be issued on conversion of all dilutive potential shares into shares. The shares in the share-based plan are the only shares with potential dilutive effect.

The following table presents the calculation of net income applicable to the owners of the parent and basic and diluted EPS for the nine and three months period ended of September 30:

	Nine months period ended September 30,		Three months period ended September 30,	
	2022	2021	2022	2021
Net Income attributable to owners of the Parent	2,796,101	2,599,974	1,030,746	935,662
Basic weighted average number of outstanding shares (i)(iii)	557,863	559,059	555,705	559,059
<b>Basic earnings per share - R\$</b>	<b>5.0122</b>	<b>4.6506</b>	<b>1.8548</b>	<b>1.6736</b>
<i>Effect of dilution</i>				
Shared-based plan (ii) (iii)	17,867	13,214	17,660	12,767
Diluted weighted average number of outstanding shares (iii)	575,730	572,273	573,365	571,826
<b>Diluted earnings per share - R\$</b>	<b>4.8566</b>	<b>4.5432</b>	<b>1.7977</b>	<b>1.6363</b>

- (i) See on Note 18, the number of XP Inc.'s outstanding common shares during the period.  
(ii) See on Note 25, the number of shares granted and forfeited during the period regarding XP Inc.'s Share-based plan.  
(iii) Thousands of shares.

## 27. Determination of fair value

The Group measures financial instruments such as certain financial investments and derivatives at fair value at each balance sheet date.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. The financial instruments included in the level 1 consist mainly in public financial instruments and financial instruments negotiated on active markets (i.e. Stock Exchanges).

Level 2: The fair value of financial instruments that are not traded in active markets is determined using valuation techniques, which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value as instrument are directly or indirectly observable, the instrument is included in level 2. The financial instruments classified as level 2 are composed mainly from private financial instruments and financial instruments negotiated in a secondary market.

Level 3: If one or more of the significant inputs is unobservable, the instrument is included in level 3. This is the case for unlisted equity securities.

Specific valuation techniques used to value financial instruments include:

- Financial assets (other than derivatives) - The fair value of securities is determined by reference to their closing prices on the date of presentation of the consolidated financial statements. If there is no market price, fair value is estimated based on the present value of future cash flows discounted using the observable rates and market rates on the date of presentation.
- Swap – These operations swap cash flow based on the comparison of profitability between two indexers. Thus, the agent assumes both positions – put in one indexer and call on another.
- Forward - at the market quotation value, and the installments receivable or payable are prefixed to a future date, adjusted to present value, based on market rates published at B3.
- Futures – Foreign exchange rates, prices of shares and commodities are commitments to buy or sell a financial instrument at a future date, at a contracted price or yield and may be settled in cash or through delivery. Daily cash settlements of price movements are made for all instruments.
- Options - option contracts give the purchaser the right to buy the instrument at a fixed price negotiated at a future date. Those who acquire the right must pay a premium to the seller. This premium is not the price of the instrument, but only an amount paid to have the option (possibility) to buy or sell the instrument at a future date for a previously agreed price.





	December 31, 2021				
	Level 1	Level 2	Level 3	Fair Value	Book Value
Other financial assets	-	461,515	-	461,515	461,515
<b>Financial liabilities</b>					
<b>Fair value through profit or loss</b>					
Securities loaned	2,146,398	518,804	-	2,665,202	2,665,202
Derivative financial instruments	157,710	11,750,473	-	11,908,183	11,908,183
<b>Evaluated at amortized cost</b>					
Securities sold under repurchase agreements	-	26,276,252	-	26,276,252	26,281,345
Securities trading and intermediation	-	15,597,555	-	15,597,555	15,597,555
Financing instruments payable	-	23,974,348	-	23,974,348	24,429,086
Borrowings	-	1,932,859	-	1,932,859	1,928,782
Accounts payables	-	867,526	-	867,526	867,526
Other financial liabilities	-	6,937,029	743,443	7,680,472	7,680,472
Investments in associates measured at fair value	-	-	1,221,424	1,221,424	1,221,424

As of September 30, 2022, and December 31, 2021, the total contingent consideration liability is reported at fair value and is dependent on the profitability of the acquired associate and businesses. The total contingent consideration is classified within Level 3 of the fair value hierarchy. The contingent consideration liability represents the maximum amount payable under the purchase and sale agreements discounted using a weighted average rate of 12.14% p.a. change in the discount rate by 100 bps would increase/decrease the fair value by R\$ 13,096. The change in the fair value in the contingent consideration between the acquisition date and September 30, 2022, was not material.

The investments held through our investees which are considered to be venture capital investments are classified as Level 3 of the fair value hierarchy. The inputs used by the Group are derived for discounted rates for these investments using a capital asset model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset. Change in the discount rate by 100 bps would increase/decrease the fair value by R\$ 16,661.

Transfers into and out of fair value hierarchy levels are analyzed at the end of each consolidated financial statement. As of September 30, 2022, the Group had no transfers between Level 2 and Level 3.

## 28. Management of financial risks and financial instruments

The Group's activities are exposed to a variety of financial risks: credit risk, liquidity risk, market risk (including currency risk, interest rate risk and price risk), and operational risk. The Group's overall risk management structure focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to mitigate certain risk exposures. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken.

Management has overall responsibility for establishing and supervising the risk management structure of the Group. Risk Management is under a separated structure from business areas, reporting directly to senior management, to ensure exemption of conflict of interest, and segregation of functions appropriate to good corporate governance and market practices.

The risk management policies of the Group are established to identify and analyze the risks faced, to set appropriate risk limits and controls, and to monitor risks and adherence to the limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and in the activities of the Group. The Group, through its training and management standards and procedures, developed a disciplined and constructive control environment within which all its employees are aware of their duties and obligations.

Regarding one specific subsidiary XP CCTVM, the organizational structure is based on the recommendations proposed by the Basel Accord, in which procedures, policies and methodology are formalized consistent with risk tolerance and with the business strategy and the various risks inherent to the operations and/or processes, including market, liquidity, credit and operating risks. The Group seek to follow the same risk management practices as those applying to all companies.

Such risk management processes are also related to going concern management procedures, mainly in terms of formulating impact analyses, business continuity plans, contingency plans, backup plans and crisis management.

The unaudited interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual financial statements as of December 31, 2021. There have been no changes in the risk management department or in any risk management policies since the year-end.



### Sensitivity analysis

According to the market information, the Group performed the sensitivity analysis by market risk factors considered relevant. The largest losses, by risk factor, in each of the scenarios were presented with an impact on the profit or loss, providing a view of the exposure by risk factor of the Group in exceptional scenarios. The following sensitivity analyzes do not consider the functioning dynamics of risk and treasury areas, since once these losses are detected, risk mitigation measures are quickly triggered, minimizing the possibility of significant losses.

		September 30, 2022		
Trading portfolio	Exposures	Scenarios		
Risk factors	Risk of variation in:	I	II	III
Pre-fixed	Pre-fixed interest rate in Reais	(446)	(129,584)	(251,321)
Exchange coupons	Foreign currencies coupon rate	(6)	(14,567)	(29,213)
Foreign currencies	Exchange rates	(629)	25,217	(5,258)
Price indexes	Inflation coupon rates	(162)	(25,671)	(44,612)
Shares	Shares prices	(6,946)	81,341	483,411
Seed Money (i)	Seed Money	(6,153)	(153,828)	(307,656)
		<b>(14,342)</b>	<b>(217,092)</b>	<b>(154,649)</b>

		December 31, 2021		
Trading portfolio	Exposures	Scenarios		
Risk factors	Risk of variation in:	I	II	III
Pre-fixed	Pre-fixed interest rate in Reais	(285)	(110,555)	(204,607)
Exchange coupons	Foreign currencies coupon rate	(35)	(5,578)	(11,325)
Foreign currencies	Exchange rates	(364)	177,203	384,340
Price indexes	Inflation coupon rates	(248)	(53,407)	(103,602)
Shares	Shares prices	(1,483)	(131,753)	92,024
Seed Money (i)	Seed Money	(6,203)	(155,068)	(310,136)
		<b>(8,618)</b>	<b>(279,158)</b>	<b>(153,306)</b>

(i) Related to seed money strategy, which includes several risk factors that are disclosed in aggregate.

Scenario I: Increase of 1 basis point in the rates in the fixed interest rate yield, exchange coupons, inflation and 1 percentage point in the prices of shares, commodities and currencies;

Scenario II: Project a variation of 25 percent in the rates of the fixed interest yield, exchange coupons, inflation, price of shares, commodities and currencies, both rise and fall, being considered the largest losses resulting by risk factor; and

Scenario III: Project a variation of 50 percent in the rates of the fixed interest yield, exchange coupons, inflation, prices of shares, commodities and currencies, both rise and fall, being considered the largest losses resulting by risk factor.

## 29. Capital Management

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group also monitors capital based on the net debt and the gearing ratio. Net debt is calculated as total debt (including borrowings, lease liabilities, Structured financing and debentures as shown in the balance sheet) less cash and cash equivalent (including cash, Securities purchased under agreements to resell and certificate deposits as shown in the statement of cash flows). The gearing ratio corresponds to the net debt expressed as a percentage of total capital.

The net debt and corresponding gearing ratios as of September 30, 2022, and December 31, 2021, were as follows:

	September 30, 2022	December 31, 2021
Group debt (Note 30) (i)	8,290,975	7,073,021
Structured financing (Note 15 (b))	1,798,492	2,415,400
<b>Total debt</b>	<b>10,089,467</b>	<b>9,488,421</b>
Cash	(2,601,041)	(2,485,641)
Securities purchased under agreements to resell (Note 3 (a))	(1,748,737)	(1,071,328)
Certificate deposits (Securities) (Note 4 (a))	(250,248)	(194,892)
Deposits at Central Bank (Note 15 (a))	(302,000)	-
<b>Net debt</b>	<b>5,187,441</b>	<b>5,736,560</b>
<b>Total Equity attributable to owners of the Parent company</b>	<b>17,464,901</b>	<b>14,416,836</b>
<b>Total capital</b>	<b>22,652,342</b>	<b>20,153,396</b>
<b>Gearing ratio %</b>	<b>22.90%</b>	<b>28.46%</b>

**(i) Minimum capital requirements**

Although capital is managed considering the consolidated position, certain subsidiaries are subject to minimum capital requirement from local regulators.

The subsidiary XP CCTVM, leader of the Prudential Conglomerate (which includes Banco XP), under BACEN regulation regime, is required to maintain a minimum capital and follow aspects from the Basel Accord.

The subsidiary XP Vida e Previdência operates in Private Pension Business and is oversight by the SUSEP, being required to present Adjusted Shareholders' Equity (PLA) equal to or greater than the Minimum Required Capital ("CMR"), CMR is equivalent to the highest value between base capital and Venture Capital Liquidity ("CR").

On September 30, 2022 the subsidiaries XP CCTVM and XP Vida e Previdência were in compliance with all capital requirements.

There is no requirement for compliance with a minimum capital for the other Group companies.

**(ii) Financial covenants**

In relation to the long-term debt contracts, including multilateral instruments, recorded within "Borrowing and lease liabilities"(Notes 14), the Group is required to comply with certain performance conditions, such as profitability and efficiency indexes.

On September 30, 2022, the amount of contracts under financial covenants is R\$ 288,908 (December 31, 2021 – R\$ 446,005). The Group has complied with these covenants throughout the reporting period.

Eventual failure of the Group to comply with such covenants may be considered as breach of contract and, as a result, considered for early settlement of related obligations.

### 30. Cash flow information

#### a. Debt reconciliation

	Borrowings	Lease liabilities	Debt securities (i)		Total
			Debentures and notes	Bonds	
<b>Total debt as of January 1, 2021</b>	<b>284,087</b>	<b>208,448</b>	<b>335,250</b>	-	<b>827,785</b>
Acquisitions / Issuance	1,570,639	79,146	580,437	3,754,125	5,984,347
Payments	(14,213)	(42,695)	(167,052)	(60,600)	(284,560)
Revaluation	-	24,260	-	-	24,260
Net foreign exchange differences	32,068	4,189	-	325,425	361,682
Interest accrued	12,621	12,166	34,887	33,145	92,819
Interest paid	(37)	-	(12,386)	-	(12,423)
<b>Total debt as of September 30, 2021</b>	<b>1,885,165</b>	<b>285,514</b>	<b>771,136</b>	<b>4,052,095</b>	<b>6,993,910</b>
<b>Total debt as of January 1, 2022</b>	<b>1,928,782</b>	<b>318,555</b>	<b>705,975</b>	<b>4,128,306</b>	<b>7,081,618</b>
Acquisitions / Issuance	-	31,086	1,890,500	-	1,921,586
Payments	(2,061)	(73,921)	(175,999)	-	(251,981)
Revaluation	-	(89)	-	-	(89)
Net foreign exchange differences	(49,607)	(3,052)	-	(147,043)	(199,702)
Interest accrued	48,663	16,717	117,530	93,790	276,700
Interest paid	(24,924)	-	(20,463)	(63,839)	(109,226)
<b>Total debt as of September 30, 2022</b>	<b>1,900,853</b>	<b>289,296</b>	<b>2,517,543</b>	<b>4,011,214</b>	<b>8,718,906</b>

- (i) Debt securities includes Debentures measured at FVPL presented in Note 4(e) and does not include fair value adjustments of (i) Debentures - R\$ 59,050 and (ii) Bonds - R\$ 368,881.

#### b. Non-cash investing and financing activities

Non-cash investing and financing activities are disclosed in other notes. As of September 30, 2022 include balances related to the business combination of Habitat and the acquisition of the associate Oriz Participações S.A. (Note 2e), recorded in other financial liabilities, in the amounts of R\$ 30,170 and R\$ 132,433, respectively.

### 31. Subsequent events

As of November 04, 2022, the Board of Directors approved an amendment to the share buy-back program. Under the amended program, XP Inc may repurchase up to the amount in dollars equivalent to R\$2.0 billion of its outstanding Class A common shares (therefore, an increase of the maximum amount of R\$1.0 billion compared to the original program). The program period has not been amended, continuing until the earlier of the completion of the repurchase or May 12, 2023, depending upon market conditions.

**XP**  **inc.**