

OPINION OF THE BOARD OF DIRECTORS OF BANCO DAYCOVAL S.A. ABOUT THE PUBLIC OFFER FOR ACQUISITION OF SHARES TO DELIST STOCK TRADING IN CATEGORY "A" SHARES AND CONVERSION TO CATEGORY "B" SHARES, AND WITHDRAWAL FROM THE BM&FBOVESPA'S LEVEL 2

Pursuant with the provisions of item 5.8 of Level 2 Listing Rules of the BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., ("Level 2 Regulation" and "BM&FBOVESPA," respectively) and article 15, item "s", of Banco Daycoval S.A.'s By-laws ("Company"), the Board of Directors presents its opinion on the unified public offer proposal for the acquisition of all preferred shares into circulation, for the purpose of (i) cancellation of its registration for trading of shares in market as an issuer of category "A" securities and conversion to the "B" category, in accordance with CVM Instruction 480/2009; and (ii) withdrawal from the special Corporate Governance segment of the BM&FBOVESPA called Corporate Governance Level 2 ("OPA") launched by its controlling shareholders, Messrs. Salim Dayan, Carlos Moche Dayan, Morris Dayan, and Rony Dayan ("Controllors") and by the Company itself ("Offerors"), in accordance with public notice published in the Official Gazette of the State of São Paulo and in the "O Estado de São Paulo" newspaper on July 1, 2016 and made available on the websites of the Company's (www.daycoval.com.br/ri), the intermediary institution (<https://www.itaub.com.br/itaubba-pt/nossos-negocios/ofertas-publicas>), the Securities and Exchange Commission (www.cvm.gov.br) and the BM&FBOVESPA S.A. (www.bmfbovespa.com.br) ("Offer Protocol").

According to the item 5.8 of the Level 2 regulations, it is incumbent upon the Board of Directors to "establish and make public a prior opinion based on any public acquisition offer whose object is the Company's shares, in which it will discuss: (i) the offer's convenience and opportunity as to the interest of all shareholders and, in, relation to the liquidity of the securities they own; (ii) the repercussions of the offer on the Company's interests; (iii) the strategic plans disclosed by the offeror with regard to the Company; and (iv) other material points to consider. In its opinion, the Board of Directors must express an informed opinion favorable or contrary to the acceptance of the public offer for acquisition of shares, warning that it is the responsibility of each shareholder to make an own final decision about acceptance, or not, of the aforementioned offer."

To this end, the Board of Directors is issuing this Opinion, expressly addressing the previously referred aspects.

I – Convenience and opportunity of the OPA as to the interest of all shareholders, and in relation to the liquidity of the securities they own

The OPA will result in the withdrawal of the Company from the special Level 2 segment of the BM&FBOVESPA and, in the event of the acceptance of more than 2/3 of owners of the outstanding shares, will permit the conversion of the Company's shares from Category "A" to Category "B". The conversion of the Company's registration with the CVM will lead to the halt of the trading of the Company's shares on the BM&FBOVESPA or any other regulated trading environment, significantly limiting the ability of shareholders to trade these shares.

Nevertheless, the Company's shares never have been part of a stock index and have, historically, demonstrated reduced liquidity, so that the OPA in question presents itself as a liquidity opportunity for current shareholders, who may sell off the shares they own to the Offerors.

In this sense, it is important to highlight that Banco Santander, selected from the submission of a three-name list as required by the Level 2 Regulation and the Company's By-laws, prepared an appraisal report to support the fair pricing of the Company's shares for the purposes of the OPA ("Appraisal Report").

In accordance with the Appraisal Report, it was concluded that the economic value method calculated by the Dividend Discount Model (DDM) appraisal methodology would be best suited to estimate the fair price of the Company's shares, because it permits analysis of future results of the Company's operations.

In this sense, the Appraisal Report attributed the shares subject to the OPA a value between R\$ 6.88 (six reais and eighty-eight centavos) and R\$ 7.56 (seven reais and fifty-six centavos). The price per share offered by the Controllers is R\$ 9.08 (nine reais and eight centavos), about 25% above the midpoint of the range determined by the Appraisal Report.

For its part, the price per share before payment of interest on shareholders' equity by the Company (as per the shareholders announcement of June 30, 2015, the shareholders announcement of September 30, 2015, the shareholders announcement of December 29, 2015, the shareholders announcement March 31, 2016 and the shareholders announcement of June 30, 2016), equivalent to R\$ 10.00 (ten reais), is approximately 39% (thirty-nine percent) higher than the average value of the range determined by the Appraisal Report.

In view of the above, the OPA is shown to be timely and convenient for shareholders, because it gives them an opportunity to sell their shares, otherwise notable for low liquidity, at a value substantially higher than their fair price, as indicated by the Appraisal Report prepared by Banco Santander.

II-Repercussions of the OPA on the Company's interests

As reported by the Controllers in correspondence disclosed through a Material Fact published June 24, 2015, the Company does not intend, in the near future, to access the stock market to issue shares to finance its activities; therefore, maintenance of a securities registration issuer certificate implies an unnecessary expenditure of funds that could be better allocated towards fulfillment of the Company's corporate goals.

Thus, the conversion of the Company's registration with the CVM to Category "B" and its withdrawal from BM&FBOVESPA's Level 2 are measures that are consistent with the Company's interests, considering that the maintenance of its Category "A" registration does not satisfy any purpose, requiring the Company to incur costs that today are unnecessary for maintaining its activities.

For this reason, the Company itself figures as Offeror, as permitted under art. 4, § 4, of Law 6.404/1976 ("Brazilian Corporations Law"), observing that its acquisitions, of course, will be conducted in line with the provisions of the aforementioned Law. Additionally, the Company's participation as offeror will be limited to: (a) the balance of its profits or reserves, pursuant to the provisions of art. 30, § 1, line "b" of the Brazilian Corporations Law; and (b) 50% (fifty percent) of the value of the Offer, applying the lower of these limits to determine the number of shares that will be acquired by the Company

In this respect, we are reiterating the understanding already adopted previously by the Board of Directors upon submission of subject to the Extraordinary Shareholders Meeting held June 24, 2015, in the sense that the Company's participation as offeror will make its capital structure more efficient, benefiting all of the Company's shareholders, including the minority shareholders that decide not to sell their shares through the OPA for Conversion of Registration.

Also important is that the OPA for Conversion of Registration does not imply early maturity of any obligations assumed by the Company.

III – Strategic Plans Disclosed by the Offeror

As already noted, the Company does not intend, in the near future, to access the capital market by issuing shares to fund its activities, and thus the conversion of its registration with the CVM to Category "B" will have no negative impacts on the Company's business plan.

In the near future, the company intends to finance its activities with use of its own resources, various local and international market funding operations or by issuing securities that do not require CVM Category A registration.

IV – Other Material Points

In its analysis of a complaint brought by an investor, the CVM's Company Relations Superintendency (SEP) issued its understanding that the Company's administrators who also are listed as offerors in this OPA must refrain from interfering in "subjects likely to compromise the impartiality of the decision-making process inherent to the offer." To this end, Board of Director's members Salim Dayan, Morris Dayan and Ron Dayan, who also are listed as Offerors, abstained from participating in the preparation and approval of this Opinion.

V — CONCLUSION

In view of the information so far available and as a result of the above, the Board of Directors expresses its understanding that the OPA is convenient and timely for holders of outstanding preferred shares issued by the Company, and its realization has been shown to be aligned to the Company's objectives, due to the unnecessary need to maintain its Level 2 listing and its registration with the CVM in Category "A".

However, the Board is alerting to the fact that it is the responsibility of each shareholder to make a final decision regarding the acceptance or refusal of the OPA.

For this reason, it is recommended that shareholders: (i) read carefully the Notice, Appraisal Report and all other publicly available documents regarding the OPA; and (ii) consult their financial, legal and tax advisors before deciding to accept the OPA, to verify its legal, exchange and tax implications of participation in and accepting the OPA.