

CEO's message

(January 2019)

INVESTING IN 2019



I would like to begin by thanking all our customers and business partners for supporting Databank in 2018.

Recap of 2018

2018 was an exceptionally difficult year as the entire financial services industry was shaken to the core. The consolidation of the five commercial banks in 2018, two more in the first week of 2019, and the inability of several finance houses to pay depositors funds has significantly eroded confidence in the industry. A lot of investors are confused and have lost trust in financial institutions; some are really angry. In addition, Ghana's equity market has been hit very hard. Following a full-year return of 52% in 2017, investor optimism drove the market and we saw additional returns of 30.51% from January to March 2018. However, by December 31, 2018, the GSE had erased all gains achieved in the first quarter of 2018, ending the year with a return of -0.29% (unaudited). This has further shaken investor confidence, as many who took advantage of the strong market performance to invest in equity funds in early 2018 have seen their gains, and in some cases, their capital being eroded. As a result, there are many questions on the minds of investors.

Where to invest in 2019

In times of uncertainty, knowing which company to invest with is not always easy. It is therefore critical that you do your research as an investor. You need to ask until you feel comfortable with where you are investing your money. Be sure to get professional advice, and not just ask a friend. More importantly, you need to wait for the answers.

In investing, there is the adage that says the higher the risk, the higher the return. The reverse is also true. Using Government treasury bills (Tbills) as your base, the larger the

gap between the Treasury bill rate and your investment return, the more risk there is. For example, if the 91-day Tbill rate is 13% (note: this is an annualized rate) and you are being offered 25% or 30% per annum on a fixed-income investment, that difference represents the degree of risk you are taking.

Regardless of your risk appetite, we recommend you ask the following questions before you invest:

- ① How is the investment vehicle able to generate such returns above the Treasury bill rate?
- ② Where is your money getting placed?
- ③ What are the risks associated with the returns?
- ④ What internal governance structures (e.g., board of directors) exist for this investment?
- ⑤ Who regulates the investment vehicle?
- ⑥ Is the company in good standing with the regulator?

If you are investing in equity-based funds, you must also understand that you will not get the smooth ride as you do with fixed-income investments. The performance of your investment will fluctuate. Some days/weeks/months/years the performance will be up, others it will be down. This is why you need to pay attention to time in investing and ensure you are investing with a long-term mindset (i.e., minimum of 3 to 5 years) if you have selected an equity-based investment.

Why time is important to you as an investor

One of the greatest assets you have in investing is time. Time allows you to invest a little, but gain a lot – through the power of compound returns. Time allows you to successfully ride out the volatility that comes with investing in equities – the best performing asset class over the long term. Time allows you to have peace of mind and not be fazed by short-term movements in the market. Time affords you the patience to seek out sustainable returns from your investments, versus chasing the highest return so you can make a lot of money quickly – you risk losing your money in the process.

Time is also what Databank has invested for almost 30 years to ensure that you have the right mix of investment solutions, whether you're an individual or an institution, and that your money is being managed by a team of experts who are making research-backed investment decisions. Time is what we have invested in putting the right corporate governance structures in place to protect your money. Time is what we seek to give back to you by making it easier to invest. Through our network of partner banks, our online and mobile deposit options, and the introduction of the Databank Mobile App, we believe you will save time and enjoy a greater level of convenience.

As the Chief Servant of Databank, I am committed to working with my team to ensure you can invest with confidence when you bring your money to us.

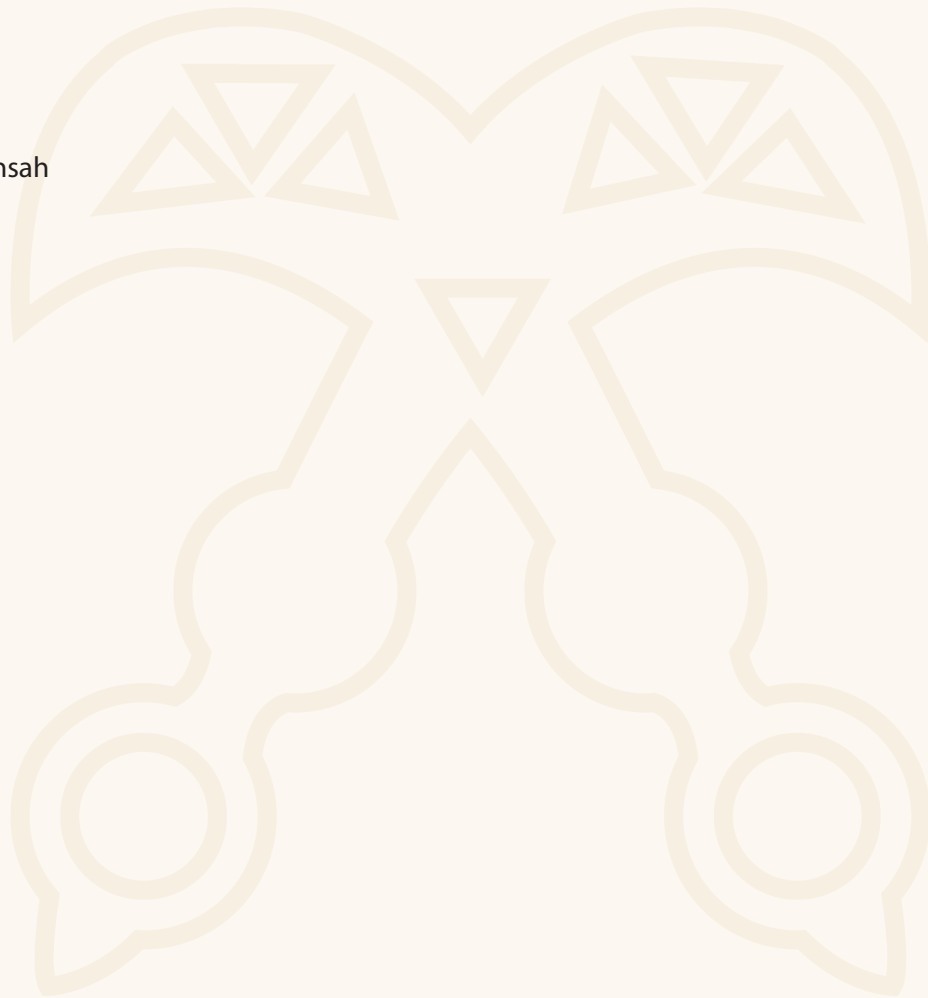
To our existing investors, thank you for your loyalty and support over the years. To our prospective customers, we look forward to partnering with you on your journey to financial independence.

I wish you success in 2019.

Sincerely



Kojo Addae-Mensah
Group CEO



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