



March 16, 2016

**Somers Limited**  
**(“Somers”, the “Company” or the “Group”)**

**Financial Results for the three months ended December 31, 2015**

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter ended December 31, 2015.

Overview of the quarter ended December 31, 2015:

- Shareholders’ equity of \$207.3 million as at December 31, 2015 (September 30, 2015: \$209.2 million);
- Diluted net asset value (“NAV”) per share of \$17.58 as at December 31, 2015 (September 30, 2015: \$17.74);
- Net income of \$0.1 million for the quarter (December 31, 2014: \$1.2 million);
- Results impacted by Sterling’s 2.5% depreciation against the Dollar; and
- Diluted earnings per share of \$0.01 compared to diluted earnings of \$0.11 a year ago.

Investment highlights for the three months ended December 31, 2015:

- Waverton Investment Management Limited (“Waverton”) Assets under Management (“AuM”) as at December 31, 2015 of £4.5 billion;
- Bermuda Commercial Bank Limited (“BCB”) capital ratio of 20.9%;
- BCB maintains high liquidity with 32% of its balance sheet in cash and high quality liquid assets; and
- BCB total revenue of \$7.4 million (2014: \$6.1 million).



Commenting on the financial results, Warren McLeland, Chairman of Somers said:

“Somers recorded a small profit of \$0.1 million for the quarter with results being impacted by Sterling’s underperformance against the Dollar. Dividend income received from the investment portfolio was largely offset by valuation losses. The foreign exchange losses resulted in a 0.9% decline in our NAV to \$17.58 from \$17.74 at September 30, 2015.

A number of Somers’ investments, in particular Waverton, Ascot Lloyd and PCFG, are denominated in Sterling and during the quarter Sterling declined by 2.5% versus the Dollar. Currently the Sterling based investments are not hedged but the Board is considering a more active hedging policy.

There was little transactional activity during the December quarter as the Company’s capital remains fully invested. We also continue to carry minimal debt on our balance sheet. As capital grows and our profitable investments return cash, we will look to use these funds to diversify our portfolio.”

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## Summary of Somers' results for the three months ended December 31, 2015

### Introduction

For the three months ended December 31, 2015, the Company recorded net income of \$0.1 million compared with net income of \$1.2 million a year ago. Quarterly earnings per share were \$0.01 (December 31, 2014: \$0.11). Additionally, there were unrealised currency losses of \$1.4 million as Sterling declined against the US Dollar. The result was a reduction in the Company's diluted net asset value per share to \$17.58 from \$17.74 at September 30, 2015.

The Company received distributions of \$2.5 million during the quarter from BCB compared to \$1.6 million a year ago. This offset a £1.2 million loss on investments (December 2014: gain of £1.4 million). Investment gains and losses result from changes in the valuations of the Company's investments and despite recording profit before tax of £1.6 million Waverton's currency adjusted valuation decreased by \$1.8m in the December quarter on account of reduced year on year EBITDA levels. BCB's valuation remained unchanged during the quarter as gains at its subsidiary, Private & Commercial Finance Group plc ("PCFG"), offset unrealised mark to market movements in BCB's investment portfolio. The remaining investment valuations were largely unchanged over the quarter.

Net foreign exchange losses were \$0.9 million for the quarter with a further \$1.4 million of exchange losses on Somers' investment in its foreign operations. 42% of Somers' balance sheet is denominated in foreign currencies, primarily Sterling, and during the quarter Sterling declined by 2.5% versus the Dollar.

Shareholders' equity ended the quarter at \$207.3 million down from \$209.2 million at September 30, 2015 and Somers' debt levels remain modest. Somers' share price remained unchanged over the quarter at \$13.00.

## REVIEW OF INVESTMENTS

### *Bermuda Commercial Bank Limited (“BCB” or the “Bank”)*

BCB recorded total revenue of \$7.4 million for the quarter ended December 31, 2015 (December 31, 2014: \$6.1 million). Despite the year on year improvement in revenues, the Bank’s net results were impacted by a reduction in the investment portfolio resulting in a net loss of \$1.3 million for the quarter ended December 31, 2015 (2014: net income \$1.0 million).

With the acquisition of PCFG, the Bank’s core earnings have materially improved with net interest income of \$7.1 million for the quarter (2014: \$3.1 million). Total assets were \$620.2 million at December 31, 2015 compared to \$523.3 million at December 31, 2014.

The Bank’s total equity position, including non-controlling interest, at December 31, 2015 was \$104.2 million (at December 31, 2014: \$104.9 million). The change in total equity primarily resulted from unrealised mark to market movements on the Bank’s financial investments portfolio, and a decline in net earnings during the quarter. The Bank’s regulatory capital ratio at December 31, 2015 was 20.9% which exceeds the regulatory minimum ratios.

The Bank has maintained a strong liquidity position with 32% of its balance sheet in cash and high quality liquid assets. This structure, along with improved core earnings and strong capital and liquidity, creates a solid base for the Bank as it moves into 2016.

In September 2015, in line with its long term strategic goals, the Bank acquired a 75.5% interest in Private & Commercial Finance Group plc, a UK based finance company engaged in the provision of finance for vehicles and equipment for consumers and businesses. BCB expects this acquisition will bring meaningful synergies to both businesses and will contribute a stable and growing income stream thereby reducing the Bank’s dependence on its investment portfolio.

During the quarter, PCFG announced their results for the six months ended September 30, 2015. PCFG performed strongly with profit before tax up 80% to £1.6 million and return on average assets up by 61% to 2.9%. The total portfolio was valued at £108 million at September 30, 2015 (2014: £94 million). PCFG are continuing to press ahead with a deposit taking license application in the UK and we are hopeful that there will be further progress later in the year.

Somers’ investment in 100% of BCB’s equity was valued at \$100.8 million as at December 31, 2015 (September 30, 2015: \$100.8 million).

### *Waverton Investment Management Limited (“Waverton”)*

Waverton’s Assets under Management (“AuM”) were £4.5 billion as at December 31, 2015 (September 30, 2015: £4.3 billion). For the three months ended December 31, 2015, Waverton earned revenue of £7.7 million (December 2014: £8.5 million), EBITDA of £1.7 million (December 2014: £3.0 million) and profit before tax of £1.1 million (December 2014: £2.2 million). Financial results were impacted during the quarter by weak capital markets and higher property costs.

Somers values its investment in Waverton on a peer comparison basis using an EV/EBITDA valuation methodology. Primarily on account of the reduction in EBITDA, Somers has reduced the value of its investment in Waverton to £33.2 million from £34.4 million at September 30, 2015.

At December 31, 2015, Waverton represented 24% of Somers’ investment portfolio and its performance has a material impact on Somers’ overall performance. Global equity markets continue to be volatile and the potential Brexit is likely to contribute to future volatility. As a result, negative market movements may adversely impact Waverton’s earnings. In the medium term, there are significant opportunities for Waverton to grow in a number of its business areas and we hope this will offset any potential equity market and macroeconomic downside.



#### *Ascot Lloyd Holdings Limited ("Ascot Lloyd")*

Somers has £5.2 million 6% convertible loan notes in Ascot Lloyd and, in addition, loans totaling £3.2 million. Upon conversion of the convertible loan notes Somers would be interested in approximately 44% of Ascot Lloyd's diluted issued share capital.

Ascot Lloyd has made two significant acquisitions in the last two years which have significantly increased the size of the business. In July 2015, funded by Somers, Ascot Lloyd acquired the assets of PFP Group, another UK based IFA. This acquisition has doubled the size of Ascot Lloyd's assets under administration which as at December 31, 2015 stood at approximately £2.1 billion. Importantly for an IFA business Ascot Lloyd's recurring income has grown to approximately £10.4 million.

For the twelve months ended December 31, 2015, Ascot Lloyd reported unaudited revenue of £13.7 million, gross profit of £9.8 million and EBITDA of £3.1 million.

Somers' investment in Ascot Lloyd is valued at £10.8 million as at December 31, 2015 (September 30, 2015: £10.6 million).

#### *Merrion Capital Holdings Limited ("Merrion")*

Merrion was established in Dublin in 1999 as an independent financial services firm providing stockbroking, corporate finance advisory and fund management services to a mainly domestic Irish client base.

As at December 31, 2015, Merrion Investment Management had approximately €826 million assets under management and Merrion's private client business manages approximately €751 million of private client funds across 3,547 accounts, mainly on an advisory and execution only basis.

For the quarter ended December 31, 2015, Merrion reported unaudited revenue of €4.9 million compared with €3.1 million in the September 2015 quarter and €3.5 million in the December 31, 2014 quarter.

#### *West Hamilton Holdings Limited ("West Hamilton")*

For the year ended September 30, 2015, West Hamilton earned gross operating income of \$2.1 million (2014: \$1.8 million), with the increase due to a new tenant occupying office space that was vacant in 2014. West Hamilton reported net income for the year of \$0.8 million (2014: \$0.4 million). Total assets amounted to \$30.3 million (2014: \$29.9 million). A valuation completed in November 2015 valued the property at \$45.1 million. Shareholders' equity increased by \$0.8 million.

It was a strong year for West Hamilton with increased occupancy in the Belvedere Building, a fully occupied parking facility which also has a significant waiting list and the commencement of the construction of nine residential apartments which are due to complete in the summer of 2016. West Hamilton is benefitting from its assets being located in an attractive part of Hamilton and the moderate improvement in the Bermuda economy. With the completion of the residential development in 2016 and plans for further development of its site we believe that 2016 will be another positive year for this company.

#### *Stockdale Securities Limited ("Stockdale")*

Post the quarter end, Westhouse Securities Limited changed its name to Stockdale. This change followed a financial restructuring during the quarter. Operating costs were cut significantly in order to enable Stockdale to compete effectively in a changing regulatory environment. As a result of the restructuring, Somers is now interested in 98.9% of Stockdale.



Following the approval of an employee incentive scheme, Somers' holding will be reduced to 75%. Somers holding may be further diluted to 55% if Stockdale management achieve profitability hurdles over the next 3 year period. The incentivisation of employees through the employee scheme ensures that their interests are closely aligned to those of Somers.

Stockdale's trading performance continues to stabilise but the recent volatility in equity markets has reduced the number of corporate finance transactions. With the reduction in commissions for trading and research Stockdale remains dependent on completing corporate transactions to make the business profitable on a long term basis.

For the quarter ended December 31, 2015, Stockdale reported revenue of £2.0 million and a profit of £0.1 million. As at December 31, 2015, shareholders' funds in the regulated entity amounted to £3.7 million.

#### **ENDS-**

Somers Limited is a listed financial services investment holding company whose major assets include its 100% owned subsidiary, Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks and a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £4.5 billion assets under management. The Group's other investments include a 57% interest in West Hamilton Holdings Limited, a Bermuda property company, a 44% economic interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser, a 22% economic interest in Merrion Capital Holdings Limited, an Irish financial services group and a 99% stake in Stockdale Securities Limited, a corporate and institutional stockbroking group, Somers has shareholders' equity of \$207 million and minimal debt. Somers' shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH). More details on the Company can be found at [www.somers.bm](http://www.somers.bm).