



February 27, 2014

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

Financial Results for the quarter ended December 31, 2013

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a Bermuda exempted financial services investment holding company, is pleased to announce its results for the quarter ended December 31, 2013.

Company Highlights:

- Consolidated net income of \$6.2 million (2012: \$3.0 million);
- Shareholders’ equity attributable to Somers shareholders’ increased by 13.0% to \$180.9 million as at December 31, 2013 (September 30, 2013: \$160.1 million);
- Net asset value per share increased by to \$16.11 as at December 31, 2013 (September 30, 2013; \$14.97); and
- Total of 2,536,652 warrants exercised in 2013 raising \$30.4 million for the Company.

Investment Highlights:

- Bermuda Commercial Bank Limited (“BCB” or the “Bank”) reported Q1 net income of \$4.3 million (2012: \$4.4 million);
- BCB Tier 1 ratio of 21.7%;
- Waverton Investment Management Limited (“Waverton”) reported Q1 net income of \$1.9 million; and
- Waverton reported Assets under Management (“AuM”) as at December 31, 2013 of \$7.4 billion an increase of 25% for the year ended December 31, 2013.

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

“The first quarter of the financial year was a positive one for Somers showing an increase in profit of over 100% compared to the same quarter last year. This was achieved due to the continued strong performance by BCB and the inclusion for a full quarter of Waverton’s results. We anticipate that the Group will continue to show improved progress throughout 2014 and we look forward to the year with optimism.”

Media Contacts:

Alasdair Younie
Director
Somers Limited
Tel: 441-299-2897
Email: ay@icm.bm



Summary of Somers' results for quarter ended December 31, 2013

Introduction

For the quarter ended December 31, 2013, the Company recorded net income of \$6.2 million (2012: \$3.0 million). Net income before non-controlling interests was \$5.7 million resulting in an annualised return on shareholders' equity of 12.6%. Somers' earnings per share (on both a basic and a fully diluted basis) for the quarter ended December 31, 2013 totaled \$0.55.

The Group has a strong balance sheet with total assets of \$897.1 million and total shareholders' equity of \$216.4 million as at December 31, 2013 (September 30, 2013: \$194.7 million). After allowing for non controlling interests of \$35.5 million, shareholders equity attributable to Somers shareholders is \$180.9 million (September 30, 2013: \$160.1 million).

The Company's financial performance in the quarter was driven by its two main subsidiaries, BCB and Waverton which recorded net income in the quarter of \$4.3 million and \$1.9 million, respectively.

Post the quarter end the Company increased its shareholding in Westhouse which as at the date of this announcement is now 93.6%.

Bonus Warrants

The bonus warrants issued to all shareholders in February 2013 expired on December 31, 2013. A total of 2,536,652 warrants were exercised raising \$30.4 million for the Company.

REVIEW OF INVESTMENTS

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

The Bank recorded net income of \$4.3 million for the quarter ended December 31, 2013 (2012: \$4.4 million). Total revenue for the quarter was \$9.7 million (2012: \$9.0 million).

Total interest income for the quarter was \$5.8 million (2012: \$4.3 million) and net non-interest income amounted to \$4.9 million for the quarter (2012: \$5.6 million) following continued strong gains from the Bank's financial investments portfolio. Gains from the sale of financial investments were \$4.6 million for the quarter compared to gains of \$5.1 million in 2012.

Total assets as at December 31, 2013 were \$642.7 million (September 30, 2013: \$591.7 million), an increase of 8.6%. Financial investments were virtually unchanged at \$252.1 million from \$252.6 million at September 30, 2013. The Bank's financial investment portfolio continues to consist primarily of corporate debt securities, debt securities issued by banks and asset-backed securities. The Bank also holds smaller portfolios of government debt, equities, and portfolio funds. Total customer deposit balances increased to \$515.5 million from \$467.5 million as at September 30, 2013.

The Bank's capital position increased to \$117.8 million at December 31, 2013 from \$109.5 million at September 30, 2013. This improvement resulted principally from unrealised mark to market gains on the Bank's financial investments portfolio and an increase in retained earnings. The Bank's regulatory capital ratio was 20.36% at December 31, 2013 while the tier one ratio was 21.73%. The Bank's total risk weighted assets were \$428.7 million as at December 31, 2013 (September 30, 2013: \$414.5 million).

During the quarter Peter Horton started in his role as BCB's new Chief Executive Officer. Mr. Horton joined BCB from the Bank of Maldives where he was CEO and Managing Director for the past two years. He has previously held senior posts at Barclays Bank in Kenya, LEMA Group in South Africa, First Caribbean International Bank in the Bahamas and Turks and Caicos. In addition to Mr Horton, BCB announced the appointment of Alan Gilbertson and Jeanne Atherden to the Board of BCB as Non-Executive Directors.

On December 9, 2013 Fitch Ratings (“Fitch”) reaffirmed BCB's investment grade rating (BBB-) and revised the outlook to stable. This was due to the Bank's strong liquidity, capital position and improving financial performance. Fitch stated that “BCB operates with a very liquid balance sheet relative to its bank peers in Bermuda and the community bank peer group in the US. BCB's capital levels, on a tangible and risk adjusted basis, continue to be strong.”

Post the quarter end BCB completed the acquisition of the LP Gutteridge Building (the “LPG Building”) in Hamilton, Bermuda. The LPG Building has approximately 25,000 sq. ft. of office space and was acquired at an attractive valuation with the objective of consolidating the Bank's premises and eliminating annual rent payments. The LPG Building will be the home for BCB and other Somers' companies moving forward and will provide the Bank with a suitable base for the medium and long term and a building in which it can continue to grow and attract business.

BCB's financial performance continues to improve with its liquid and well capitalised balance sheet strengthening further. There are significant opportunities for BCB to further penetrate the market with new products and continue to grow its deposit base.



Waverton Investment Management Limited (“Waverton”)

On January 13, 2014, J O Hambro Investment Management (“JOHIM”) announced that it had changed its name to Waverton Investment Management (“Waverton”). Waverton is not a new name to JOHIM as its existing funds, a number of which are award winning and highly rated, have used the Waverton banner since 2004 and are well known to JOHIM’s clients.

The London based specialist investment manager provides discretionary portfolio management for private clients, charities and institutions. In addition, it offers a range of offshore funds through its Dublin-based Waverton Fund range.

As at December 31, 2013, Waverton reported Assets under Management (“AUM”) of \$7.4 billion (December 31, 2012: \$5.6 billion). Waverton has benefitted from strong capital markets and of the increase in AuM, 60% was due to an increase in existing AuM and 40% of net new assets from existing and new mandates.

For the quarter ended December 31, 2013 Waverton earned revenue of \$12.3 million and profit after tax of \$1.9 million. As at December 31, 2013, Waverton reported net assets of \$7.4 million (September 30, 2013: \$7.0 million).

The strong performance of Waverton’s AuM attracted increased investment in its European Fund. The European Fund which is ranked number 1 in its category, attracted institutional investment of over £200 million in the quarter ended December 31, 2013. Waverton continues to look for areas to grow its business, notably the charities sector and the institutional global equities sector.

Private & Commercial Finance Group plc (“PCFG”)

PCFG is a small UK asset financing company, whose shares are quoted on the London Stock Exchange. PCFG was founded in 1993 and has grown by a combination of acquisitions and organic growth. They provide car and asset finance to over 12,000 customers across the UK.

Somers is interested in 15,553,800 shares in PCFG representing approximately 29.4% of PCFG’s issued share capital. In addition, the Group has an interest in \$13.7 million unsecured convertible loan notes issued by PCFG giving Somers a diluted economic interest in PCFG of approximately 75%. As a result Somers has consolidated PCFG’s results for the quarter ended December 31, 2013.

PCFG reports its results on a six monthly basis and therefore we look forward to the announcement of their full year results for the year ended March 31, 2014 where we anticipate that the company will continue to show strong growth and an improvement in earnings from the prior year. We look forward to receiving an update on the company’s process for obtaining a deposit taking license which should have an impact on reduced funding costs.

As at December 31, 2013 the Group’s investment in PCFG (including equity and convertible loan notes) was valued at \$16.1 million.

Westhouse Holdings plc (“Westhouse”)

Westhouse Holdings PLC is a corporate and institutional stockbroking group located in London. As at December 31, 2013 Somers had an equity interest in Westhouse of approximately 46.1%.

As announced on November 29, 2013 Somers has offered to acquire the entire and issued share capital of Westhouse for 1p per share. This is the first stage of an equity and debt fundraising for Westhouse. In addition Somers has agreed to underwrite a £3.45 million equity fundraising. Of this, Westhouse’s management have agreed to invest £300,000 and a further £150,000 will be made available to other employees. It is anticipated that Westhouse will become a subsidiary of



Somers post completion and Somers will own between 78% and 88% of Westhouse. This transaction is expected to close at the end of February 2014.

For the quarter ended December 31, 2014 trading conditions in Westhouse's targeted market continued to improve. Westhouse completed on a number of corporate transactions and trading income whilst not growing remained at the improved levels reported in the previous quarter. However, due to higher year end accruals and provisions relating to its employees, Westhouse made a loss in the quarter ended December 31, 2013 of \$1.5 million. Somers share of the loss for the quarter was \$0.7 million.

We believe that following the fundraising, Westhouse has the opportunity to develop into a successful and profitable corporate and institutional stockbroking business.

West Hamilton Holdings Limited ("WHH")

WHH is a Bermuda Stock Exchange listed property management and investment company with two commercial properties, known as the Belvedere Building and the Belvedere Place, a 309 car parking facility, in which space is let under medium and long term leases.

The Somers Group has a combined holding of 57.4% in WHH and for the quarter ended September 30, 2013 WHH contributed \$0.2 million of profit to Somers.

WHH's assets are located in the west of Hamilton which is favoured by Bermuda's international business sector and as such we believe represent an opportunity for value appreciation. We are conscious of the pressure that commercial property is under in Bermuda but believe that the location of WHH's assets should prove an attractive proposition to companies looking to move to this part of Hamilton. As at the date of this announcement, the Belvedere Parking facility is fully let. WHH has also recently received planning approval for the residential development of part of its property which we believe will be welcomed by the market. We anticipate that this development will break ground later this year with a targeted completion date at the end of 2015.

SOMERS LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at December 31, 2013
 (in US\$ - unaudited)

		September 30, 2013
ASSETS	\$	
Cash, money market and term deposits		
Due on demand		87,990,969
Term deposits		<u>199,938,323</u>
Total cash, money market funds and term deposits		<u>287,929,292</u>
Other assets		22,724,691
Interest receivable		3,664,242
Loans receivable from associates		15,302,954
Loans and advances to customers		203,254,566
Financial Investments		252,114,528
Derivative financial instruments		2,008,852
Deferred tax assets		4,289,196
Property and equipment		53,079,275
Goodwill and other intangible assets		47,684,124
Investment in associates		<u>5,070,430</u>
Total assets		<u>897,122,150</u>
LIABILITIES		
Deposits		
Demand deposits		316,337,218
Term deposits		<u>192,810,695</u>
Total deposits		509,147,913
Derivative financial instruments		2,239,739
Interest payable		4,570,618
Customer drafts payable		713,136
Other liabilities		19,764,786
Interest bearing loans and borrowings		<u>144,263,955</u>
Total liabilities		<u>680,700,147</u>
EQUITY		
Capital stock		6,615
Contributed surplus		155,902,583
Treasury shares		(609,900)
Reserves		7,021,332
Retained earnings		<u>18,604,335</u>
Equity attributable to equity holders of the parent		180,924,965
Non controlling interests		<u>35,497,038</u>
Total equity	\$	<u>216,422,003</u>
Total liabilities and equity		<u>897,122,150</u>

SOMERS LIMITED
CONSOLIDATED STATEMENT OF INCOME
 (in US\$ - unaudited)

	2013
INCOME	
Interest income	\$
Cash and term deposits	31,321
Money market funds	-
Loans and advances to customers	6,645,302
Available-for-sale financial investments	4,088,403
Held-to-maturity financial investments	-
Interest expense	<u>(2,671,139)</u>
Net interest income	8,093,887
Fees and commissions	13,711,026
Net exchange gains	589,571
Dividend income	268,712
Gain from sale of financial investments	4,629,390
Other operating income	557,896
Gain/(loss) on derivative financial instruments	(1,300,615)
Share of profit/(losses) of an associate	(676,749)
Impairment losses on financial investments	<u>-</u>
Total income	<u>25,873,116</u>
EXPENSES	
Salaries and employee benefits	9,089,814
Depreciation	246,344
Amortisation	210,661
General and administrative expenses	<u>9,167,604</u>
Total expenses	<u>18,714,423</u>
Income before tax	<u>7,158,694</u>
Income tax expense	<u>(971,829)</u>
Net income	<u><u>6,186,866</u></u>
Attributable to:	
Equity holders of the parent	5,677,361
Non-controlling interests	<u>509,506</u>
	<u><u>6,186,867</u></u>



-ENDS-

Somers Limited, formerly known as Bermuda National Limited, is a listed exempt 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 over US\$7.4 billion assets under management. The Group's other investments include an approximate 75% economic interest in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company, a 63.1% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group and a 57.0% interest in BSX listed West Hamilton Holdings Limited. Somers has shareholders' equity, after minority interests, of \$180 million and no external debt. Somers' shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH) and more details on the Company can be found at www.somers.bm.