



September 11, 2014

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

Financial Results for the nine months ended June 30, 2014

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and nine months ended June 30, 2014.

Company Highlights for the nine months ended June 30, 2014:

- Consolidated net income of \$15.3 million (2013: \$4.8 million);
- Shareholders’ equity attributable to Somers’ shareholders increased by 17.9% to \$188.7 million as at June 30, 2014 (September 30, 2013: \$160.1 million); and
- Diluted net asset value per share of \$16.64 as at June 30, 2014 (September 30, 2013; \$14.96).

Investment Highlights for the nine months ended June 30, 2014:

- Bermuda Commercial Bank Limited (“BCB” or the “Bank”) reported net income of \$11.8 million (2013: \$6.8 million);
- BCB Tier 1 ratio of 21.87%;
- Waverton Investment Management Limited (“Waverton”) reported pre-tax income of \$9.1 million;
- Waverton reported Assets under Management (“AuM”) as at June 30, 2014 of \$8.7 billion (£5.1 billion) an increase of approximately 26.0% compared to September 30, 2013; and
- Post period end further investment in Ascot Lloyd Holdings Limited of £2.4 million and completion of €3.25 million investment in Merrion Capital Holdings Limited, an Irish financial services group.

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

“Somers’ results are an indication of the strong performance from its investments in the first nine months of the year. Profit for the period has more than tripled from the same period last year. Despite the increasing regulatory burden in the financial services sector, both BCB and Waverton continue to increase not just their profit but improve all their key metrics.

We were pleased to make a further investment in Ascot Lloyd to fund a transformational acquisition. We also completed our investment in Merrion post the period end and look forward to working with their other major shareholders and benefitting from the synergies Merrion can bring to other parts of the Somers group. We continue to look forward with confidence for the rest of the year.”

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Summary of Somers' results for the nine months ended June 30, 2014**Introduction**

For the nine months ended June 30, 2014, the Company recorded net income of \$18.8 million (June 30, 2013: \$4.8 million). Net income before non-controlling interests was \$15.3 million resulting in an annualised return of 10.8% based on shareholders' equity, before non controlling interests, of \$188.7 million (September 30, 2013: \$160.1 million). Year to date earnings per share totaled \$1.38 and the Company's diluted net asset value per share was \$16.67 (September 30, 2013: \$14.96). Earnings per share for the third quarter were \$0.51.

The Company's two main subsidiaries, BCB and Waverton, reported strong results for the third quarter with net income in the quarter of \$3.9 million and \$2.9 million respectively. Waverton's Assets under Management ("AuM") was steady over the quarter and as at June 30, 2014, was approximately \$8.7 billion (£5.1 billion). This is an increase of over 25% from when the company was acquired by Somers in August 2013. Post the quarter end, Waverton refinanced its acquisition debt and repaid Somers' outstanding loan.

Westhouse Holdings plc ("Westhouse") continued to be loss making in the third quarter but is moving towards break even and we anticipate that the fourth quarter will show an improved performance. The Company's other investments continue to perform in line with expectations and an analysis of each of the Company's investments is set out below.

REVIEW OF INVESTMENTS*Bermuda Commercial Bank Limited ("BCB" or the "Bank")*

The Bank recorded a profit of \$3.9 million for the three months ended June 30, 2014. Total revenue for the quarter was \$9.1 million. Net income for the nine months ended June 30, 2014, was \$11.8 million (2013: \$6.8 million). Total revenue for the nine months was \$28.3 million (2013: \$20.3 million).

Total net interest income for the nine months was \$15.0 million (2013: \$11.4 million) and net non-interest income amounted to \$13.3 million (2013: \$8.9 million). Gains from the sale of financial investments for the nine months ended June 30, 2014, were \$14.0 million compared to gains of \$9.6 million in 2013. Total assets as at June 30, 2014, were \$596.3 million (September 30, 2013: \$591.7 million). Total customer deposit balances were \$464.2 million (September 30, 2013: \$467.5 million).

The Bank's capital position increased to \$122.5 million as at June 30, 2014, 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 20.32% at June 30, 2014, while the tier one ratio was 21.87%. The Bank's total risk weighted assets were \$426.9 million as at June 30, 2014 (September 30, 2013: \$414.5 million).



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

Waverton Investment Management Limited ("Waverton")

As at June 30, 2014, Waverton reported Assets under Management ("AUM") of US\$8.7 billion (September 30, 2013: US\$6.4 billion). Waverton has benefitted from a combination of strong capital markets over the last nine months and more importantly has attracted new assets. For the nine months ended June 30, 2014, Waverton earned revenue of \$38.1 million and profit before tax of \$9.1 million.

As mentioned in previous quarters a large part of the growth of new assets has been related to Waverton's European Fund. As at June 30, 2014, Waverton's European Fund had approximately \$1.6 billion under management. Post the quarter end and after further investment from new and existing investors, Waverton has decided to 'soft close' the European Fund to further outside investment. This is a prime example of how strong investment performance is value accretive by attracting new assets thereby improving the financial performance of a wealth management company. Other areas of the business, such as the Charities sector, are showing strong growth performance. Waverton has also invested in its core private client business to broaden its offering and accelerate growth in the future.

We remain pleased with the acquisition of Waverton and post the quarter end Waverton was able to refinance all of the internal acquisition loans and therefore return funds to Somers. This is both beneficial to Somers and a sign of the financial strength of Waverton. We look forward to continuing the strong relationship with Waverton's management and we anticipate Waverton's results will remain strong despite the increasing regulatory burden placed on the asset management industry in the UK.

Private & Commercial Finance Group plc ("PCFG")

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 \$14.5 million unsecured convertible loan notes issued by PCFG giving Somers a diluted economic interest in PCFG of approximately 68%. As at June 30, 2014, PCFG's market capitalisation was approximately \$9.2 million, excluding the value of the convertible loan notes.

On June 10, 2014, PCFG announced their results for the year ended March 31, 2014. PCFG reported an increase in profit before tax of 50% to \$2.1 million and a return on average assets of 1.5% (2013: 1.0%). Basic earnings per shares increased by 27% to 1.4p and net assets increased to \$17.3 million. Business volumes increased to \$84.4 million and the total portfolio was worth \$147.4 million. As at March 31, 2014, PCFG reported headroom on its debt facilities of \$23.9 million. PCFG intends on applying for a deposit taking license by March 2015.

Westhouse Holdings plc ("Westhouse")

Somers is interested in 84.6% of the issued share capital of Westhouse, a London based corporate and institutional stockbroking firm. Trading conditions in the six month period ended March 31, 2014, continue to be difficult in this sector and the small number of significant corporate transactions negatively impacted Westhouse's results. For the first nine months of the year, Westhouse reported a loss before tax of \$2.1 million. This is disappointing but there has been a reduction in losses on a quarterly basis. In the final quarter, there are a number of corporate transactions which are anticipated to complete and which will improve the financial performance of Westhouse, if they are successfully completed.

Other Investments

During the month of July, Somers completed a €3.25 million investment in Merrion Capital Holdings Limited (“Merrion”). Somers invested €750k by way of equity which represents 6.6% of Merrion’s issued share capital, and a three year convertible loan note of €2.5 million. Merrion, established in 1999, is an independent financial services firm providing stockbroking, corporate finance advisory and funds management services to a mainly domestic Irish client base. Somers invested alongside Merrion’s existing management and Brehon Capital Partners Limited, a Dublin based real estate, private equity investment and asset management firm.

In September, Somers agreed to invest a further £2.4 million in Ascot Lloyd Holdings Limited (“Ascot Lloyd”). The investment from Somers was used to fund Ascot Lloyd’s acquisition of assets from IFG plc. Somers has entered into a new three year convertible loan agreement for £1.2 million and a three year loan of £1.2 million. On conversion of the convertibles held by Somers, we would be interested in 30% of Ascot Lloyd’s issued share capital. We believe this is a transformational acquisition for Ascot Lloyd, doubling the size of the business and increasing its assets under management to over £1 billion.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars - unaudited)

Assets	JUN 30, 2014	SEP 30, 2013*
Cash and term deposits:		
Due on demand	\$ 105,512,212	\$ 39,751,507
Term deposits	144,643,988	170,732,933
Total cash and term deposits	250,156,200	210,484,440
Other assets	48,742,936	29,346,758
Loans receivable from associates	2,994,425	5,857,536
Interest receivable	3,428,542	4,073,844
Loans and advances to customers (Note 5)	225,220,880	198,553,123
Financial investments (Note 4)	223,441,428	250,382,156
Derivative financial instruments	787,530	4,173,271
Deferred tax assets	5,635,643	3,978,126
Property and equipment	61,329,808	53,139,335
Goodwill and other intangible assets	55,549,731	46,932,346
Investment in associates	-	5,403,345
Total assets	\$ 877,287,123	\$ 812,324,280
Liabilities		
Deposits (Note 6):		
Demand deposits	\$ 269,883,356	\$ 253,872,954
Term deposits	187,550,268	207,317,375
Total deposits	457,433,624	461,190,329
Other liabilities	35,023,311	16,597,004
Interest payable	4,659,148	3,821,665
Customer drafts payable	710,423	2,527,491
Derivative financial instruments	1,924,847	6,631,518
Interest bearing loans and borrowings	149,598,610	126,832,889
Total liabilities	\$ 649,349,963	\$ 617,600,896
Equity		
Capital stock	\$ 1,131	\$ 1,070
Contributed surplus	155,838,369	148,472,640
Treasury shares	(249,250)	(549,900)
Other comprehensive income	12,418,870	2,731,037
Retained Earnings	20,707,648	9,441,728
Equity attributable to equity holders of the parent	188,716,768	160,096,575
Non-controlling interests	39,220,392	34,626,809
Total equity	227,937,160	194,723,384
Total liabilities and equity	\$ 877,287,123	\$ 812,324,280



CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars - unaudited)

Income	For the three months ended	
	JUN 30, 2014	JUN 30, 2013
Interest income:		
Cash and term deposits	\$ 45,022	\$ 43,346
Money market funds	-	-
Loans and advances to customers	7,345,999	581,158
Financial investments	3,426,936	5,126,683
Total interest income	10,817,957	5,751,187
Interest expense	(2,868,907)	(2,122,134)
Net interest income	7,949,049	3,629,053
Fees and commissions (Note 8)	21,897,040	1,100,925
Net exchange gains (losses)	(156,178)	(146,079)
Losses on derivative financial instruments	(603,329)	(557,905)
Dividend income	469,355	590,165
Gain from sale of financial investments	4,411,168	2,214,009
Impairment losses on financial investments	-	-
Share of losses of an associate	50,213	(250,619)
Other operating income	(376,722)	19,727
Total income	33,640,596	6,599,276
Expenses		
Salaries and employee benefits	13,337,333	2,342,727
Depreciation	354,975	(34,802)
Amortisation	227,660	246,552
General and administrative expenses (Note 9)	10,669,942	2,351,915
Total expenses	24,589,911	4,906,392
Income before tax	9,050,686	1,692,884
Income tax expense	(1,029,880)	-
Net income	\$ 8,020,806	\$ 1,692,884
Attributable to:		
Equity holders of the parent	\$ 5,623,849	\$ 1,692,884
Non-controlling interests	2,396,957	-
	\$ 8,020,806	\$ 1,692,884



-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 over US\$8.7 billion assets under management. The Group's other investments include an approximate 68% economic interest in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company, an 84.6% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group, a 30% economic interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser and a 21% economic interest in Merrion Capital Holdings Limited, an Irish financial services group. Somers has shareholders' equity, after minority interests, of \$189 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.