



**December 19, 2013**

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

**Financial Results for the year ended September 30, 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 and the year ended September 30, 2013.

**Company Highlights:**

- Change of name to Somers Limited from Bermuda National Limited;
- Underlying consolidated net income for the year of \$8.2 million;
- Shareholders’ equity attributable to Somers shareholders’ increased by 52.2% to \$159.5 million as at September 30, 2013 (2012: \$104.8 million);
- Net asset value per share increased by 4.3% to \$14.96 as at September 30, 2013 (2012; \$14.34); and
- Payment of a final dividend to shareholders of \$0.20 per share (total dividend for the year of \$0.32 per share).

**Investment Highlights:**

- Record profit from Bermuda Commercial Bank Limited (“BCB” or the “Bank”) with the Bank reporting net income for the year ended September 30, 2013 of \$8.9 million (2012: \$7.5 million);
- BCB Tier 1 ratio remains strong at 22.3%;
- Fitch Ratings reaffirmed BCB’s investment grade rating and revised the Bank’s outlook to stable, as a result of the Bank’s strong liquidity, capital position and improving financial results. They commented that the Bank’s balance sheet “continues to be more liquid than its counterparts on the island.”
- Appointment of Peter Horton as Chief Executive Officer of BCB; and
- Completion of acquisition of J O Hambro Investment Management Limited (“JOHIM”), the UK private wealth asset manager.

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

“We are pleased with the Company’s first year’s results as a listed company with BCB in particular continuing to report strong results with profit increasing by almost 20% year on year. It was excellent to note that Fitch Ratings recently reaffirmed BCB’s investment grade rating and revised the Bank’s outlook to stable. JOHIM’s operating performance since the acquisition in August is positive and Somers and the JOHIM management team are working well together. The Company’s other investments continue to perform in line with expectations.



Against this positive backdrop the Company is pleased to declare a final dividend of \$0.20 per share, making a total dividend for the year of \$0.32 which is an increase of almost 10% from the total dividend paid to BCB shareholders for the year ended September 30, 2012.

The Company's balance sheet is strong and has no external debt. We believe that there will be opportunities for the Company's investments to grow in 2014 and that we are well placed to benefit from this growth. We therefore look forward to 2014 with optimism."

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## Summary of Somers' results for the year ended June 30, 2013

### Introduction

For the year ended September 30, 2013, the Company recorded net income of \$13.8 million. Net income before non-controlling interests was \$12.1 million resulting in an annualised return on shareholders' equity of 7.6%. Included within net income was a one-time gain of \$3.8 million that Somers recorded on its investment in West Hamilton Holdings Limited ("WHH"). Consequently underlying consolidated net income was \$8.2 million. Somers' earnings per share (on both a basic and a fully diluted basis) for the year ended September 30, 2013 totaled \$1.59.

The Group has a strong balance sheet with total assets of \$818.3 million and total shareholders' equity of \$194.4 million as at September 30, 2013 (June 30, 2013: \$130.2 million). After allowing for non-controlling interests of \$34.9 million, shareholders equity attributable to Somers shareholders is \$159.5 million. Somers has no external debt.

The Company's financial performance in the fourth quarter was driven by BCB and JOHIM which recorded net income in the quarter of \$2.1 million and \$0.9 million respectively. JOHIM's contribution to the Somers' results is only for the two months of August and September. Somers' earnings per share (on both a basic and a fully diluted basis) in the fourth quarter were \$0.89.

In the fourth quarter Westhouse completed two significant corporate transactions which enabled it to report in September its most profitable month to date in 2013. The trading performance post the year end continues to improve therefore Somers agreed to underwrite a fund raising of up to £3.45 million and to make an offer to acquire the issued share capital of Westhouse that it does not already own.

The fourth quarter is the first quarter in which the Company has had to consolidate the financial performance of Private & Commercial Finance Group plc ("PCFG") and WHH. This is because the Group is interested in approximately 29.4% of PCFG's issued share capital and \$13.7 million of PCFG's 2016 6% convertible loan notes, Somers is required to consolidate PCFG's results. The Group is interested in 57.4% in aggregate of WHH's issued share capital and WHH's results are consolidated in Somers results. A review of PCFG's and WHH's financial performance along with the Company's other investments is set out below.

Post the quarter end, Somers' shareholders approved the change of the Company's name from Bermuda National Limited to Somers Limited. The new name of Somers will allow the Company to retain its current association with Bermuda and at the same time accommodate the Company's global activities and international aspirations.

### Final Dividend

The Company's Board has resolved to pay a final dividend payment of \$0.20 per share (total dividend for the year of \$0.32 per share). The record date for the dividend will be January 10, 2014 and the payment date will be January 20, 2014.

### Bonus Warrants

As at the date of this announcement 1,930,127 Bonus Warrants have been exercised by the Company's shareholders, raising approximately \$23.2 million for the Company. The Bonus Warrants will expire on December 31, 2013.

## REVIEW OF INVESTMENTS

### *Bermuda Commercial Bank Limited ("BCB" or the "Bank")*

The Bank recorded a profit of \$2.1 million for the three months ended September 30, 2013. Total revenue for the quarter was \$11.0 million.

Net income for the year ended September 30, 2013 was \$8.9 million (2012: \$7.5 million). Total interest income for the year was \$19.7 million (2012: \$18.9 million). Net non-interest income amounted to \$15.4 million for the year (2012: \$7.2 million) following continued strong gains from the Bank's financial investments portfolio. Gains from the sale of financial investments were \$14.7 million for the year compared to gains of \$7.9 million in 2012.

Total assets as at September 30, 2013 were \$591.7 million (September 30, 2012: \$572.0 million). Financial investments decreased slightly to \$252.6 million from \$256.8 million at September 30, 2012. The Bank's financial investment portfolio consists primarily of corporate debt securities, debt securities issued by banks, along with a smaller number of asset-backed securities. The Bank also holds smaller portfolios of government debt, equities, and portfolio funds. Total customer deposit balances increased to \$467.5 million from \$457.5 million as at September 30, 2012.

The Bank's capital position increased to \$109.5 million at September 30, 2013 from \$104.8 million at September 30, 2012. This improvement resulted 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 20.7% at September 30, 2013 while the tier one ratio was 22.3%. The Bank's total risk weighted assets were \$414.5 million.

Post the year end we were pleased to welcome Peter Horton who started in his role as BCB's new Chief Executive Officer. Mr. Horton joins BCB from the Bank of Maldives where he was CEO and Managing Director for the past two years. Mr. Horton, originally from the UK, has a proven track record of generating positive banking results in a number of different jurisdictions. 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.

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."

As a further sign of its commitment to Bermuda and long term planning, BCB agreed, subject to Bermuda Government approvals, to the acquisition of the LP Gutteridge Building (the "LPG Building") in Hamilton, Bermuda. The LPG Building is a sizeable building with approximately 29,000 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 somewhere in which it can continue to grow and attract business.

We believe BCB is well positioned to continue to grow and will benefit from its liquid and well capitalised balance sheet. With a new CEO and a focused strategy there are opportunities for BCB to increase customer deposits, grow its assets and continue to generate improved profits.



#### *J O Hambro Investment Management Limited ("JOHIM")*

JOHIM is a London-based specialist investment manager which focuses on discretionary portfolio management for private clients, charities and institutions as well as offering a suite of in-house managed investment funds under the Waverton brand. JOHIM is a well known UK private wealth asset manager founded in 1986 with its head office in St James's Square in London. It has over 100 employees including 25 experienced portfolio managers who have been with the business for a number of years.

Somers completed the acquisition of JOHIM for £50 million on August 5, 2013. Somers is interested in 62.5% of JOHIM's issued share capital with the balance being owned by JOHIM's management and staff. Somers' results for the quarter ended September 30, 2013 include JOHIM's results for August and September.

As at September 30, 2013, JOHIM reported assets under management ("AUM") of \$6.4 billion an increase of 12% from the start of the year (December 31, 2012: \$5.8 billion). JOHIM has benefitted from strong capital markets and as a result its financial performance has been strong in 2013. For the nine months ended September 30, 2013 JOHIM has reported unaudited revenue of \$33.5 million, operating profit of \$8.5 million and profit before tax of \$8.2 million. Since the date of acquisition excluding acquisition costs, JOHIM reported profit before tax of \$0.9 million. As at September 30, 2013 JOHIM had net assets of \$38.6 million.

JOHIM is targeting a number of areas and sectors in which to grow its business. The company is looking to grow both its UK business and also to look to move into new markets such as Bermuda where JOHIM will be working closely with BCB. The company's in-house managed funds which operate under the stand alone brand of Waverton continue to grow and it was pleasing to note that the European Fund, which is ranked number 1 in its category, recently attracted an institutional investor who has invested over £200 million into the fund. Other areas in which JOHIM believe are significant growth opportunities are the charities sector and the institutional global equities sector.

We are pleased with the acquisition of JOHIM. The financial performance in 2013 has been driven by improving capital markets but as seen with their European Fund, JOHIM is also attracting new assets from a range of clients. There are a number of opportunities for synergies across the Group and we anticipate that JOHIM will generate growth for a number of our other investments.

The acquisition was a significant one for Somers being the first large scale acquisition made by the Company and the Directors believe that as a result of the enlarged platform, Somers will be looking at further investments and acquisitions in the financial services sector. We are pleased with the relationship with JOHIM's management and working together we will look to grow AUM and look for opportunities to grow in existing sectors, and new sectors and geographies.

#### *Private & Commercial Finance Group plc ("PCFG")*

PCFG is a relatively 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, providing 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 year ended September 30, 2013.

PCFG released its interim results for the six months ended September 30, 2013 on December 3, 2013. Profit before tax increased by 48% to £0.5 million (2012: £0.3 million). PCFG's portfolio of receivables increased to £86 million. The company's targeted return on average assets was 2% and as at September 30, the return was 1.2% (2012: 0.8%). The



diluted net asset value per share as at September 30, 2013 was 11.7p. As at September 30, 2013 PCFG had debt facilities of £96 million and £15 million of committed facility headroom.

Group turnover for the six months ended September 30, 2013 increased to £21.1 million (2012: £20.8 million) with operating profit of £2.7 million (2012: £2.4 million). Diluted earnings per share was 0.4p (2012: 0.4p). Total assets as at September 30, 2013 were £91.7 million and net assets were £9.9 million. The company's leverage ratio, excluding the unsecured convertible loan notes was 7.2 (2012: 8.0).

As at September 30, 2013 PCFG's enterprise value (including equity and convertible loan notes) was \$25.4 million.

#### *Westhouse Holdings plc ("Westhouse")*

Westhouse Holdings plc is a corporate and institutional stockbroking group located in London in which Somers has an equity interest of approximately 46.1%.

The trading conditions in Westhouse's targeted market are starting to improve. In the quarter ended September 30, 2013, Westhouse completed on two significant corporate transactions. Further corporate transactions post the year end and the continued cost control measures introduced by management are reducing the operating losses. With a stronger corporate transaction pipeline we expect to see Westhouse significantly reduce its operating losses in 2014 and move towards profitability.

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.

We are confident that with an improving market, security of funding, and a lower cost base that Westhouse can develop into a successful and profitable corporate and institutional stockbroking business.

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

WHH is a Bermuda Stock Exchange listed property company with two commercial properties, located in the west of Hamilton, 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.

During the quarter, Somers acquired a 15.1% holding in WHH. The Group has a combined holding of 57.4% in WHH and for the quarter ended September 30, 2013 WHH contributed \$1.1 million of profit to Somers. WHH's net assets as at September 30, 2013 were \$44.9 million.

Somers recorded a one-off gain of \$3.8 million on its investment in WHH. As part of the consolidation process, Somers performed a fair value assessment of its investment resulting in a premium over the cost of investment. The premium related primarily to the valuation of WHH's land and property. This gain does not however, reflect any element of underlying operational performance. Somers 57.1% consolidated investment in WHH is valued at \$25.6 million.

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 the west of Hamilton. As at the date of this announcement, the Belvedere Parking facility is fully let.



WHH is also in the process of evaluating a residential development on part of its property which we believe will be welcomed by the market.

**SOMERS LIMITED**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

as at September 30, 2013  
(in US\$ - unaudited)

	<b>September 30, 2013</b>
<b>ASSETS</b>	
Cash, money market and term deposits	
Due on demand	\$ 39,896,799
Term deposits	<u>176,900,397</u>
Total cash, money market funds and term deposits	<u>216,797,196</u>
Derivative financial instruments	4,173,271
Financial Investments	253,882,920
Loans and advances to customers	201,578,459
Investment in associates	4,827,222
Property and equipment	53,139,335
Goodwill and other intangible assets	46,497,648
Interest receivable	4,073,844
Other assets	29,373,710
Deferred tax assets	<u>3,978,126</u>
<b>Total assets</b>	<b>\$ <u>818,321,733</u></b>
<b>LIABILITIES</b>	
Deposits	
Demand deposits	\$ 258,040,418
Term deposits	<u>209,462,667</u>
Total deposits	467,503,085
Derivative financial instruments	6,631,518
Interest payable	3,821,665
Customer drafts payable	2,527,491
Other liabilities	16,597,004
Interest bearing loans and borrowings	<u>126,832,889</u>
<b>Total liabilities</b>	<b><u>623,913,653</u></b>
<b>EQUITY</b>	
Capital stock	1,070
Contributed surplus	148,472,641
Treasury shares	(549,900)
Reserves	2,175,806
Retained earnings	<u>9,420,835</u>
Equity attributable to equity holders of the parent	159,520,451
Non controlling interests	<u>34,887,629</u>
<b>Total equity</b>	<b>\$ <u>194,408,080</u></b>
<b>Total liabilities and equity</b>	<b><u>818,321,733</u></b>

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

	<b>Year ended</b>
<b>INCOME</b>	September 30, 2013
Interest income	\$
Cash and term deposits	271,151
Money market funds	59,042
Loans and advances to customers	18,631,896
Financial investments	<u>18,032,767</u>
	36,994,857
Interest expense	<u>(9,604,157)</u>
Net interest income	27,390,699
Fees and commissions	11,939,860
Finance rental and credit	-
Net exchange gains (losses)	1,310,909
Hedging of investment securities	(3,052,430)
Dividend income	1,314,806
Gain from sale of financial investments	16,811,366
Impairment losses on financial investments	(2,972,592)
Share of loss of associates	(2,377,196)
Other operating income	<u>3,977,654</u>
Total income	<u>54,343,075</u>
<b>EXPENSES</b>	
Salaries and employee benefits	16,891,460
Depreciation	821,798
Amortisation	378,627
General and administrative expenses	<u>21,516,474</u>
Total expenses	<u>39,608,358</u>
Income before tax	\$ 14,734,718
Income tax expense	<u>(912,052)</u>
Net income	<u>13,822,666</u>
Attributable to:	
Equity holders of the parent	12,069,135
Non-controlling interests	<u>1,753,532</u>
	<u>13,822,667</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 J O Hambro Investment Management Limited, a UK wealth manager with US\$6.0 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 46.1% stake in Westhouse Holdings plc, a corporate and institutional stockbroking group and a 57.4% interest in BSX listed West Hamilton Holdings. Somers has shareholders' equity, after minority interests, of \$160 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.somersltd.bm](http://www.somersltd.bm).