

# Business

## Somers profit doubles to \$6.2m

By Jonathan Kent

First-quarter profit more than doubled to \$6.2 million for Somers Ltd, owner of Bermuda Commercial Bank.

The profits were generated principally by BCB and Waverton, a UK investment management company in which Somers has a 62.5 percent controlling interest.

BCB's profits of \$4.3 million changed little from the \$4.4 million earned in the same quarter a year earlier, while Waverton reported net income of \$1.9 million.

Somers chairman Warren McLeland said: "The first quarter of the financial year was a positive one for Somers showing an increase in profit of over 100 percent 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."

In the three months ended December 31, 2013, the first quarter of Somers' fiscal year, the company said net asset value per share rose to \$16.11, up from \$14.97 at the end of September 2013. Somers shares last traded on the Bermuda Stock Exchange at \$12.

Somers, formerly known as Bermuda National Ltd, also owns an approximate 75 percent economic interest in the London Stock Exchange-listed Private & Commercial Finance Group PLC, a UK asset financing company, a 63.1 percent stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group and a 57 percent interest in BSX-listed West Hamilton Holdings Ltd.

In its earnings statement released yesterday, Somers confirmed that it had com-

pleted its purchase of the LP Gutteridge Building on Parla-Ville Road, Hamilton earlier this year.

The 25,000 square-foot office building will become the new home for BCB, eliminating the rental payments the bank currently has to make, as well as other Somers enterprises in the future.

Somers did not reveal the purchase price, but said the building "was acquired at an attractive valuation".

BCB's total interest income for the quarter was \$5.8 million, up from \$4.3 million a year earlier, and net non-interest income totalled \$4.9 million, down from \$5.6 million in the prior year period.

Gains from the sale of the bank's financial investments were \$4.6 million for the quarter compared to gains of \$5.1 million in 2012.

BCB's total assets at December 31, 2013 were \$642.7 million, up from \$591.7 million three months earlier, an increase of 8.6 percent.

The bank's tier one ratio, a measure of capital strength used by regulators, was 21.73 percent.

During the quarter, Peter Horton started in his role as BCB's new CEO.

Waverton, which provides discretionary portfolio management for private clients, charities and institutions, and also offers a range of offshore funds through its Dublin-based Waverton Fund range, had \$7.4 billion in assets under management at

the end of last year, compared to \$5.6 billion a year earlier. The asset manager has benefited from strong capital markets and of the increase in AUM, 60 percent was due to an increase in existing assets under management and 40 percent was down to net new assets from existing and new mandates.

As announced last November, Somers has offered to acquire the entire and issued share capital of London-based stockbroker 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 percent and 88 percent of Westhouse. This transaction is expected to close at the end of this week.

Somers added that due to higher year-end accruals and provisions relating to its employees, Westhouse made a loss in the quarter of \$1.5 million. Somers' share of the

loss for the quarter was \$0.7 million.

West Hamilton Holdings contributed \$0.2 million of profit to Somers in the quarter. WHH holds 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.

"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," Somers stated.

"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.

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## BCB owner's net income soars

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