

December 18, 2017

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

Financial Results for the year ended September 30, 2017

For Immediate Release - (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and year ended September 30, 2017.

Overview of the year ended September 30, 2017:

- Net income for the year of \$19.4 million (2016: \$32.3 million);
- Shareholders’ equity of \$361.2 million as at September 30, 2017 (2016: \$230.4 million);
- Total borrowings reduced significantly to \$4.5 million as at September 30, 2017 (2016: \$26.5 million);
- Diluted net asset value (“NAV”) per share of \$18.55 as at September 30, 2017 (2016: \$18.66); and
- Final dividend of \$0.28 per share (2016: \$0.26 per share) bring the total dividend for the year to \$0.48 per share (2016: \$0.44 per share).

Investment highlights for the year ended September 30, 2017:

- Homeloans Limited (“Homeloans”) is now Somers largest investment with a value of \$107.5 million and reported Assets under Management (“AuM”) of A\$10.2 billion;
- Bermuda Commercial Bank Limited (“BCB”) reports a capital ratio of 22.5% with a highly liquid balance sheet with 49% in cash and high quality liquid assets and a profit for the year of \$1.1 million;
- Waverton Investment Management Limited (“Waverton”) records pre-tax income of £9.4 million (2016: £7.9 million) and AuM as at September 30, 2017 of £5.2 billion;
- PCF Group plc (“PCF”) receives a UK deposit banking license, reports profit of £3.6 million and deposits of £53.0 million as at September 30, 2017;
- Sale of the Company’s investment in Ascot Lloyd for £15.3 million; and
- Acquisition by Somers of 23.6 million shares in PCF for £5.9 million;

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

“2017 has been a strong year for the Company’s investments with valuation growth at Homeloans and Waverton and PCF receiving a UK deposit taking license. With supportive capital markets, our investments have been able to grow their assets under management and this has had a positive impact on their financial results. Unlike in 2016, currency movements have been mildly positive for our valuations with both Sterling and the Australian Dollar strengthening against the US Dollar.

The Company recorded a profit for the year of \$19.4 million. Despite the increase in the value of Somers' investments there was a slight decrease in net asset value per share to \$18.55, mainly due to the issue of shares from the pro rata bonus warrant issue at a discount to net asset value earlier in the year and to a lesser extent shares issued to shareholders under the dividend reinvestment plan.

During the year we sold our investment in Ascot Lloyd for £15.3 million the proceeds of which were used to repay the Company's bank debt which at year-end was only \$4.5 million. During the year we acquired 23.6 million shares in PCF as part of PCF's fund raising to support its application for a UK deposit taking license. A significant milestone was achieved in July 2017 when PCF was awarded its deposit taking license. Since then, PCF has built up its deposit base to £53.0 million and this will assist their future growth.

The Directors are pleased to recommend the payment of a final dividend of \$0.28 per share bringing the total dividend for the year to \$0.48. Whilst the capital markets have for the most part risen steadily in a benign monetary environment we are aware that this scenario will not last indefinitely and increased volatility may potentially impact the Company's investments. However, we believe our investments are well placed to continue their growth and we look forward with cautious optimism."

Summary of Somers' results for the year ended September 30, 2017

Introduction

Somers recorded net income of \$20.0 million in the fourth quarter and total net income for the year of \$19.4 million. This compares with net income of \$32.3 million for the year ended September 30, 2016. Fourth quarter diluted earnings per share was \$1.44 (2016: \$2.84) and the year to date diluted earnings per share was \$1.40 (2016: \$2.70). The Company's net asset value per share ended the year at \$18.55 (2016: \$18.66). The increase in the Company's valuations was offset by the pro rata bonus warrant issue which negatively impacted the Company's NAV per share as the warrant strike price was at a discount to the Company's NAV per share.

The Company received dividend income of \$4.1 million during the year compared to \$3.4 million a year ago. Of the dividends received, \$2.7 million were received from Homeloans, \$1.2 million from Waverton and \$0.2 million from West Hamilton.

There was a \$15.2 million gain on the Company's investment portfolio (2016: \$34.8 million) during the year. Investment gains and losses result from changes in the valuations of the Company's investments. The gain was driven principally by valuation increases at Homeloans and Waverton due to strong financial performances at both companies. The Company's direct holding in PCF increased in value but the overall valuation of BCB decreased due to the delay in BCB implementing its new strategic plan.

Net foreign exchange gains were \$3.3 million for the year. As at the year end 65% of Somers' net assets are denominated in foreign currencies, primarily Sterling and the Australian Dollar. Over the course of the year Sterling and the Australian Dollar increased in value versus the US Dollar by 3.3% and 2.3% respectively. These exchange gains were primarily unrealised.

Somers' total assets increased during the year to \$368.1 million (2016: \$346.9 million). The investment portfolio was \$361.0 million as at September 30, 2017 (2016: \$332.0 million) with equity investments (\$355.8 million) accounting for 98.6% of this total. The remaining 1.4% (\$5.2 million) consisted of convertible loan note investments. Within investments, Homeloans at \$107.5 million (2016: \$91.4 million), BCB at \$102.5 million (2016: \$106.0 million) and Waverton at \$85.1 million (2016: \$74.3 million) together represent 81.8% of total investments.



SOMERS LIMITED

Borrowings

Total borrowings decreased significantly to \$4.5 million at September 30, 2017 from \$26.5 million a year earlier. During the year Somers repaid \$3.9 million of bank debt and as a result of the bonus warrant issues repaid all shareholder loans.

Shareholders' Equity

Shareholders' equity increased significantly to \$361.2 million (2016: \$230.4 million) mainly as a result of the conversion of the loan notes issued as part of the Company's acquisition of the majority stake in RESIMAC Limited in September 2016.

During the year the Company launched a bonus two for five warrant issue to all shareholders and 2.5 million shares were subsequently exercised by shareholders raising \$35 million. In addition, shareholders invested \$3.0 million of the \$8.3 million dividends paid since September 2016, under the dividend reinvestment plan. During the year Somers bought back 0.1 million shares at a cost of \$0.3 million. The net result from these actions was an increase in the number of issued shares to 19,475,459 as at September 30, 2017 (2016: 12,105,086). Somers' share price ended the period at \$14.00 up from \$13.75 at September 30, 2016.

Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.28 per share (2016: \$0.26 per share) bringing the total dividend for the year to \$0.48 per share (2016: \$0.44 per share). The record date for the dividend will be January 15, 2018 and the payment date will be January 29, 2018.

Directors and Officers Interest in Somers' Share Capital

At September 30, 2017, the Directors and Officers of the Company and their related interests had combined interests totalling 9,675,401 common shares representing 49.7% of the Company's issued share capital. No rights to subscribe to shares or debt securities in the Company have been granted to, or exercised by, any Director or Officer of the Company during the quarter.

Media Contacts:

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

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Somers Limited ("Somers") is a listed financial services investment holding company whose major assets include: a 62% holding in Homeloans Limited, a leading non-bank Australian financial institution with A\$10.2 billion assets under management; 100% shareholding in 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 £5.2 billion assets under management. Somers' other investments include: a 22% interest in Merrion Capital Holdings Limited, an Irish financial services group; a 75% stake in Stockdale Securities Limited, a UK corporate and institutional stockbroking group; and, a 57% interest in West Hamilton Holdings Limited, a Bermuda property management and investment company. Somers has shareholders' funds of approximately \$361 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.limited