

February 23, 2018

Somers Limited
("Somers", the "Company" or the "Group")

Financial Results for the quarter ended December 31, 2017

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter ended December 31, 2017.

Overview of the quarter ended December 31, 2017:

- Increase in diluted net asset value ("NAV") per share to \$19.29 as at December 31, 2017 (September 30, 2017: \$18.55);
- Profit in the first quarter of \$15.5 million; and
- Shareholders' equity of \$375.5 million as at December 31, 2017 (September 30, 2017: \$361.2 million).

Investment highlights for the quarter ended December 31, 2017:

- Homeloans Limited ("Homeloans") AuM of A\$11.1 billion. Normalised profit after tax 56% ahead of the comparable period in 2016;
- Waverton Investment Management Limited ("Waverton") AuM at December 31, 2017 of £5.5 billion (September 30, 2017: £5.2 billion);
- Bermuda Commercial Bank Limited ("BCB") profit in the first quarter of \$0.8 million and maintains a high capital ratio of 25.3%; and
- PCF Group plc ("PCF") continues to grow their retail deposits and recently reported a high CET 1 capital ratio of 26.3%.

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

"The first quarter of the year has been positive for our major investments with the majority recording strong financial performances. Our portfolio valuations were supported by favourable currency movements with positive Sterling currency gains offsetting a weaker Australian Dollar. In particular, we recorded a 10.2% increase in our Homeloans valuation following continued solid mortgage settlement flow during the quarter. Recent volatility in the capital markets and the resultant fall in global stock indices and increases in bond yields post quarter-end ensures that we will remain cautious on the outlook for the remainder of the financial year."

Summary of Somers' results for the quarter ended December 31, 2017

Introduction

Somers recorded a profit of \$15.5 million (2016: loss of \$10.7 million) during the quarter due primarily to valuation increases at a number of our investments and an appreciation in the value of Sterling. Quarterly earnings per share was \$0.80 (2016: loss per share of \$0.63). The Company's net asset value per share ended the quarter at \$19.29 (September 30, 2017: \$18.55).

During the quarter there was a \$14.5 million valuation gain on the Company's investment portfolio (2016: loss of \$3.7 million). The gain was principally due to increases in the value of Homeloans and Stockdale due to continued strong financial performance at both of those businesses. Offsetting these increases were slight reductions in the valuations of BCB and PCF.

The Company received dividend income of \$1.3 million from Waverton during the quarter (2016: \$nil).

Net foreign exchange gains were \$0.5 million for the quarter. As at December 31, 2017, 66% of Somers' investment portfolio is denominated in foreign currencies, primarily Sterling and the Australian Dollar and only a small portion of this is hedged. Over the course of the quarter Sterling appreciated by 0.7% while the Australian Dollar depreciated by 0.5% versus the Dollar leading to a small net FX gain in the quarter. These exchange gains were primarily unrealised.

Total assets increased to \$382.3 million (September 30, 2017: \$368.1 million) due primarily to the valuation and currency movements outlined above. The investment portfolio was \$374.7 million as at December 31, 2017 (September 30, 2017: \$361.0 million) with equity investments accounting for almost 99% of this total. Within investments, Homeloans at \$125.3 million, BCB at \$100.8 million and Waverton at \$86.1 million together represent 83% of total investments. It is anticipated that this heavy concentration will continue to reduce as an increased but limited level of leverage and net positive cash flows from existing investments allow for new investment opportunities.

Borrowings

Total borrowings were \$4.5 million at December 31, 2017 (September 30, 2017: \$4.5 million).

Shareholders' Equity

Shareholders' equity ended the quarter at \$375.5 million (September 30, 2017: \$361.2 million). During the quarter Somers bought back a total of 4,800 shares at an average cost per share of \$14.29 and the number of shares in issue as at December 31, 2017 was 19,470,659.

Somers' share price ended the period at \$14.25, a discount of 26.1% to the Company's NAV per share.

Directors and Officers Interest in Somers' Share Capital

At December 31, 2017 the Directors and Officers of the Company and their related interests had combined interests totalling 9,675,401 common shares out of 19,470,659 common shares in issue on that date. No rights to subscribe to shares or debt securities in the Company was granted to, or exercised by, any Director or Officer of the Company during the quarter.



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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\$11.1 billion assets under management; 100% shareholding in Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks and a 65.7% shareholder in UK specialist bank, PCF Group plc; and, a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £5.5 billion assets under management. Somers has shareholders' funds of approximately \$376 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