



June 13, 2014

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

Financial Results for the six months ended March 31, 2014

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 six months ended March 31, 2014.

Company Highlights for the six months ended March 31, 2014:

- Consolidated net income of \$10.8 million (2013: \$3.1 million);
- Shareholders’ equity attributable to Somers shareholders’ increased by 14.8% to \$183.8 million as at March 31, 2014 (September 30, 2013: \$160.1 million); and
- Net asset value per share of \$16.25 as at March 31, 2014 (September 30, 2013; \$14.96); and
- Interim dividend of \$0.15 a share (2013: \$0.12 a share).

Investment Highlights for the six months ended March 31, 2014:

- Bermuda Commercial Bank Limited (“BCB” or the “Bank”) reported H1 net income of \$7.9 million (2013: \$5.1 million);
- BCB Tier 1 ratio of 21.81%;
- Fitch Ratings reaffirmed BCB’s investment grade rating with a stable outlook;
- Waverton Investment Management Limited (“Waverton”) reported H1 net income of \$5.7 million; and
- Waverton reported Assets under Management (“AuM”) as at March 31, 2014 of \$8.0 billion an increase of approximately 25% compared to September 30, 2013.

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

“The first half of year has produced strong results with profit significantly up year on year. We are pleased with the performance of our key subsidiaries of BCB and Waverton and in particular the performance of Waverton since the Company acquired it in 2013. It is against this backdrop that we have announced a 25% increase in the interim dividend to \$0.15 a share.

Importantly there remain significant opportunities for both BCB and Waverton to grow in the short to medium term. Our other investments whilst smaller also have exciting opportunities and we will continue to look for additional acquisitions and investments with the aim to improve the returns to all shareholders. I look forward to the rest of the 2014 financial year with confidence. There remain significant opportunities open to the Company and we believe that for the rest of 2014 the Group will continue to progress.”



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Summary of Somers' results for the six months ended March 31, 2014

Introduction

For the six months ended March 31, 2014, the Company recorded net income of \$10.8 million (2013: \$3.1 million). Net income before non-controlling interests was \$9.7 million resulting in an annualized return of 10.5% based on shareholders' equity, before non controlling interests, of \$183.8 million (2013: \$160.1 million). Year to date earnings per share totaled \$0.85 and the Company's net asset value per share was \$16.25 (September 30, 2013: \$14.96).

The Company's two main subsidiaries being BCB, and Waverton both reported strong results for second quarter with net income in the quarter of \$3.6 million and \$2.7 million respectively. This is the first full year that the Company has included Waverton's financial results following the acquisition in August 2013. It is pleasing to report that Waverton now has Assets under Management ("AuM") in excess of \$8.0 billion (£5 billion). This is an increase of over 25% from when the company was acquired by Somers in August 2013.

Following a refinancing in January 2014, Somers increased its holding in Westhouse Holdings plc ("Westhouse") to 84.6%. In the first half of the year Westhouse continued to be loss making. However, in the current quarter a number of completed and expected corporate transactions are likely to improve Westhouse's operating performance significantly. 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.

Dividend Reinvestment Plan ("DRP")

As announced earlier today, on February 8, 2013 the Company's Board approved the adoption of a DRP for Somers which enabled Shareholders to elect to receive shares in lieu of cash dividends. However, with the Company's share price currently trading at a significant discount to its net asset value the Directors have agreed to suspend the DRP until the time when the discount to the net asset value is reduced. Shareholders will receive their dividends in cash but the quantum of the dividends received will not be affected and they will not suffer the dilutionary effect of issuing shares at a discount to net asset value.

Interim Dividend

The Company's Board is recommending an interim dividend payment of \$0.15 a share (2013: \$0.12 a share). The record date for the dividend will be June 20, 2014 and the payment date will be June 27, 2014.

REVIEW OF INVESTMENTS

Bermuda Commercial Bank Limited (“BCB” or the “Bank”)

The Bank recorded a profit of \$3.6 million for the three months ended March 31, 2014. Total revenue for the quarter was \$9.5 million. Net income for the six months ended March 31, 2014 was \$7.9 million (2013: \$5.1 million). Total revenue for the six months was \$19.2 million (2013: \$14.0 million).

Total interest income for the first half of the year was \$12.1 million (2013: \$9.6 million) and net non-interest income amounted to \$9.1 million (2013: \$6.2 million). Gains from the sale of financial investments for the six months ended March 31, 2014 were \$9.7 million compared to gains of \$7.4 million in 2013. Total assets as at March 31, 2014 were \$582.9 million (September 30, 2013: \$591.7 million). Total customer deposit balances were \$449.2 million (September 30, 2013: \$467.5 million).

The Bank's capital position increased to \$123.7 million as at March 31, 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 20.47% at March 31, 2014 while the tier one ratio was 21.81%. The Bank's total risk weighted assets were \$427.5 million as at March 31, 2014 (September 30, 2013: \$414.5 million).

In the second quarter BCB completed the acquisition of the LP Gutteridge Building (the “LPG Building”) in Hamilton, Bermuda. The LPG Building has approximately 25,000 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 a building in which it can continue to grow and attract business. Post the period end, BCB strengthened its management team by appointing a new CFO, COO and Client relationship Manager.

BCB's financial performance continues to improve with its liquid and well capitalised balance sheet strengthening further. There are significant opportunities for BCB to further penetrate the market with new products and continue to grow its deposit base. It was pleasing to note that post the half year end, Fitch Ratings reaffirmed BCB's investment grade rating citing its liquid balance sheet and its strong capital position.

A detailed set of financial statements for BCB for the six months ended March 31, 2014 are available on the Bank's website at www.bcb.bm.

Waverton Investment Management Limited (“Waverton”)

The London based specialist investment manager provides discretionary portfolio management for private clients, charities and institutions. During the first half of the year, J O Hambro Investment Management changed its name to Waverton, which was not a completely new name, as a number of Waverton's in house funds had used the Waverton banner since 2004 and was thus known to Waverton's clients.

As at March 31, 2013, Waverton reported Assets under Management (“AUM”) of US\$8.0 billion (September 30, 2013: US\$6.4 billion). Waverton has benefitted from strong capital markets over the last six months but importantly has attracted new assets as well. The growth in assets over the last six months is split between 28% existing AuM and 72% of net new assets from existing and new mandates. For the six months ended March 31, 2014 Waverton earned revenue of \$25.3 million and profit after tax of \$4.3 million

Waverton's strong investment performance has attracted increased investment in its top ranked European Fund. The European Fund over the last six months has attracted almost \$500 million of net new assets. 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.

We are very pleased with the acquisition of Waverton. The growth in AuM since the acquisition has been better than originally forecast. We have developed an excellent relationship with Waverton's management and with a number of new areas being targeted we anticipate that Waverton will continue to grow.

Private & Commercial Finance Group plc ("PCFG")

PCFG is a small UK asset financing company, founded in 1993, whose shares are quoted on the London Stock Exchange. PCFG has grown by a combination of acquisitions and organic growth. PCFG provides 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 six months ended March 31, 2014. As at March 31, 2014 PCFG's market capitalisation was approximately \$7.5 million which excludes 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. PCFG also had reported headroom on their debt facilities of \$23.9 million. They also expect to complete the application for a deposit taking licence by March 2015.

Westhouse Holdings plc ("Westhouse")

Westhouse Holdings PLC is a corporate and institutional stockbroking group located in London. As at March 31, 2014 Somers had an equity interest in Westhouse of approximately 84.6%.

During the first six months of the year, Somers increased its holding in Westhouse from 46.1% to the current 84.6%. This was through an equity and debt fundraising whereby Westhouse raised £3.45 million to repay debt and to strengthen the balance sheet. The aim is to develop Westhouse into a profitable and stronger corporate and institutional stockbroking business.

Trading conditions in the six month period ended March 31, 2014 continue to be difficult in this sector. The small number of significant corporate transactions negatively impacted Westhouse's results. For the first half of the year Westhouse reported a loss before tax of \$1.7 million. This was disappointing but there has been a significant improvement in performance since the half year end with April and May generating a profit. Importantly there are a number of corporate transactions in the pipeline, which should ensure that Westhouse is profitable in the second half of the year. This would represent a significant improvement.

We believe that Westhouse has the opportunity to develop into a successful and profitable corporate and institutional stockbroking business. However, due to the nature of the business and the reliance on corporate the financial results are likely to be 'lumpy'. If Westhouse is able to increase its scale through attracting new corporate clients and expand the corporate transaction pipeline then the financials results will not only improve but they will flatten out.



West Hamilton Holdings Limited ("WHH")

WHH is a Bermuda Stock Exchange listed property management and investment company with 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. The two properties cover an area of approximately 2 acres.

The Somers Group has a combined holding of 57.4% in WHH and for the six months ended March 31, 2014 WHH contributed \$0.2 million of profit to Somers.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars - unaudited)

Assets	MAR 31, 2014	SEP 30, 2013
Cash and term deposits:		
Due on demand	\$ 89,084,712	\$ 39,751,507
Term deposits	124,929,840	170,732,933
Total cash and term deposits	214,014,553	210,484,440
Other assets	54,985,746	29,346,758
Loans receivable from associates	2,917,425	5,857,536
Interest receivable	4,432,894	4,073,844
Loans and advances to customers	222,529,447	198,553,123
Financial investments	228,979,323	250,382,156
Derivative financial instruments	1,282,571	4,173,271
Deferred tax assets	7,197,624	3,978,126
Property and equipment	59,957,198	53,139,335
Goodwill and other intangible assets	55,337,604	46,932,346
Investment in associates	-	5,403,345
Total assets	\$ 851,634,384	\$ 812,324,280
Liabilities		
Deposits:		
Demand deposits	\$ 248,370,729	\$ 253,872,954
Term deposits	194,140,266	207,317,375
Total deposits	442,510,994	461,190,329
Other liabilities	29,064,166	16,597,004
Interest payable	5,658,071	3,821,665
Customer drafts payable	450,337	2,527,491
Derivative financial instruments	2,531,940	6,631,518
Interest bearing loans and borrowings	151,139,226	126,832,889
Total liabilities	\$ 631,354,734	\$ 617,600,896
Equity		
Capital stock	\$ 1,138	\$ 1,070
Contributed surplus	156,781,917	148,472,640
Treasury shares	(809,940)	(549,900)
Other comprehensive income	11,280,575	2,731,037
Retained Earnings	16,514,821	9,441,728
Equity attributable to equity holders of the parent	183,768,511	160,096,575
Non-controlling interests	36,511,139	34,626,809
Total equity	220,279,650	194,723,384
Total liabilities and equity	\$ 851,634,384	\$ 812,324,280

CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars - unaudited)

Income	2014
Interest income:	
Cash and term deposits	\$ 102,761
Money market funds	-
Loans and advances to customers	13,760,374
Available-for-sale financial investments	7,568,277
Held-to-maturity financial investments	-
Total interest income	21,431,412
Interest expense	(5,834,072)
Net interest income	15,597,340
Fees and commissions	30,084,729
Net exchange gains (losses)	627,771
Losses on derivative financial instruments	(2,891,849)
Dividend income	743,121
Gain from sale of available-for-sale financial investments	9,690,195
Gain from sale of held-to-maturity financial investments	-
Impairment losses on available-for-sale financial investments	(992,217)
Share of profit of an associate	(717,206)
Other operating income	1,015,586
Total income	53,157,469
Expenses	
Salaries and employee benefits	21,629,803
Depreciation	513,217
Amortisation	432,740
General and administrative expenses	18,385,280
Total expenses	40,961,040
Income before tax	12,196,429
Income tax expense	(1,369,878)
Net income	\$ 10,826,551
Attributable to:	
Equity holders of the parent	\$ 9,671,475
Non-controlling interests	1,155,076
	\$ 10,826,551



-ENDS-

Somers 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 Waverton Investment Management Limited, a UK wealth manager with over US\$7.4 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 63.1% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group and a 57.0% interest in BSX listed West Hamilton Holdings Limited. Somers has shareholders' equity, after minority interests, of \$183 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.