

December 21, 2016

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

**Financial Results for the year ended September 30, 2016**

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, 2016.

**Overview of the year ended September 30, 2016:**

- Diluted net asset value ("NAV") per share of \$18.66 as at September 30, 2016 (September 30, 2015: \$17.74), increased by 5.2% principally due to an increase in the valuation of Somers' holding in Waverton;
- Shareholders' equity of \$230.4 million as at September 30, 2016 (September 30, 2015: \$209.2 million);
- Net income for the year of \$32.3 million (2015: net loss of \$4.1 million); and
- Final dividend of \$0.26 per share (2015: \$0.24 per share) bring the total dividend for the year to \$0.44 per share (2015: \$0.42 per share).

**Investment highlights for the year ended September 30, 2016:**

- Completion of acquisition of majority shareholding in Homeloans Limited (formerly RESIMAC Limited);
- Waverton Investment Management Limited ("Waverton") records pre-tax income of £7.9 million (2015: £7.4 million);
- Waverton Assets under Management ("AuM") at September 30, 2016 of £5.1 billion (September 30, 2015: £4.3 billion);
- Bermuda Commercial Bank Limited ("BCB") maintains a high capital ratio of 21.81% and a highly liquid balance sheet with 41.8% in cash and high quality liquid assets;
- Private & Commercial Finance Group plc ("PCFG") reports record profit of £5.1 million for the 18 months ended September 30, 2016 and a 12% increase in business originations; and
- PCFG's application for a banking license in the UK was approved on December 6, 2016.

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

"2016 has been a good year for Somers. Despite the 14% reduction in the value of Sterling versus the US dollar over the last 12 months Somers was still able to record a 5.2% increase in our diluted net asset value to \$18.66 per share. This was driven principally by an increase in the valuation of our holding in Waverton, who on the back of strong equity markets in 2016, recorded excellent financial results.

At the end of the year we completed the acquisition of a majority stake in Homeloans Limited (formerly known as RESIMAC Limited) and this is another important step in growing our assets and acquiring holdings in profitable businesses

which can positively impact our other investments. We look forward to working with the Homeloans' management team to grow and develop their business in the coming years.

Whilst recognising that a number of our investments are linked to the performance of the capital markets we believe that they are well positioned to weather any volatility in the markets. We do not currently hedge our investments and the volatility in the currency markets, and Sterling in particular has impacted our NAV in 2016. However, whilst volatility in 2017 may continue, the acquisition of Homeloans has diversified our currency exposure and any additional downturn in Sterling will not have such a profound impact on the Company's NAV.

2017 points to an exciting year for Somers with PCFG recently granted a banking license in the UK and BCB under new senior management, and consequently, we are optimistic about the year ahead. We have maintained our financial strength during the year and continued the policy of modest gearing levels. Our focus remains to deliver strong returns for our shareholders and an increase in the final dividend is a demonstration of that focus. The Company remains fully invested, but as our capital grows and our investments return surplus cash to Somers in the form of dividends we will look to increase the portfolio."

## **Summary of Somers' results for the year ended September 30, 2016**

### **Introduction**

During the fourth quarter, investment gains on Somers' portfolio outweighed the realised losses caused by Sterling's continued decline against the US Dollar. Somers recorded net income of \$34.0 million in the fourth quarter and total net income for the year of \$32.3 million. This compares with a net loss of \$4.1 million for the year ended September 30, 2015. Fourth quarter basic and diluted earnings per share was \$2.84 (2015: loss per share of \$0.45) and the year to date basic and diluted earnings per share was \$2.70 (2015: loss per share of \$0.36). The Company's diluted net asset value per share was \$18.66 as at September 30, 2016 (2015: \$17.74). This would have been higher but for the 2.5% decrease in the value of Sterling in the final quarter of the year.

The Company received dividend income of \$3.4 million during the year compared to \$2.6 million a year ago. Of the dividends received, \$2.5 million was received from BCB and the remaining \$0.9 million was received from Waverton.

During the year there was a \$34.8 million gain on the Company's investment portfolio (2015: loss of \$3.1 million). Investment gains and losses result from changes in the valuations of the Company's investments. The gain was driven by a significant valuation increase at Waverton due to a strong financial performance at the company on the back of positive equity markets and lower costs. There were additional valuation increases at BCB (due to the increase in the share price of its subsidiary PCFG) and at West Hamilton following the conclusion of its mixed use building. Offsetting this was a fall in the valuation of Ascot Lloyd due to a reduction in the company's maintainable EBITDA.

Net foreign exchange losses were \$4.2 million for the year with an additional \$10.2 million of exchange losses on Somers' investment in its foreign operations. As at the year-end 62% of Somers' gross assets are denominated in foreign currencies, primarily Sterling and the Australian Dollar. Over the course of the year Sterling has declined by 14.2% versus the Dollar following the UK's decision to exit the European Union. These exchange losses were primarily unrealised.

Somers' balance sheet remains stable with total assets increasing, on the back of the acquisition of the major shareholding in Homeloans, as at September 30, 2016 to \$346.9 million (September 2015: \$216.0 million). The investment portfolio was \$332.0 million as at September 30, 2016 (September 2015: \$209.9 million) with equity investments (\$311.7 million) accounting for 93.9% of this total. The remaining 6.1% (\$20.3 million) consisted of convertible loan note investments. Within investments, BCB at \$106.0 million, Homeloans at \$91.4 million and Waverton at \$74.3 million together represent 81.8% of total investments. It is anticipated that this heavy concentration will continue to reduce as new capital flows, an increased but limited level of leverage and net positive cash flows from existing investments allow

for new investment opportunities. During the final quarter of 2016, Somers invested £0.3 million in Ascot Lloyd and £2.0 million in MJ Hudson.

### Borrowings

Primarily on account of the issuance of \$88.5 million of convertible loan notes in September 2016, total borrowings increased to \$115.0 million at September 30, 2016 from \$6.0 million at September 30, 2015. Of the total borrowings, \$8.4 million is bank debt and \$18.1 million is debt funding provided by UIL Limited, Somers largest shareholder, for investment purposes. During the year Somers repaid \$1 million of bank debt and converted its existing USD loan facility to a GBP facility in order to match its liabilities with its assets.

As consideration for the purchase of a majority stake of RESIMAC Limited from Ingot Capital Management Pty Limited ("Ingot"), an entity controlled by a director of Somers, Somers made available to Ingot convertible loan notes with a principal value of \$88.5 million. The loan notes were issued to Ingot on September 29, 2016. The loan notes are convertible, at the option of Ingot, into 4,984,210 common shares of Somers Limited upon the receipt of certain regulatory approvals. No other 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.

### Shareholders' Equity

Shareholders' equity ended the year at \$230.4 million up from \$209.2 million at September 30, 2015. \$4.5 million of the \$5.0 million dividends paid since September 2015 were reinvested, under the dividend reinvestment plan, through the issuance of 331,124 shares, resulting in an increase in the number of issued shares to 12,105,086 as at September 30, 2016. During the year Somers bought back a total of 18,843 shares at a cost of \$248 thousand. Somers' share price ended the period at \$13.75 up from \$13.00 at September 30, 2015.

### Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.26 per share (2015: \$0.24 per share) bringing the total dividend for the year to \$0.44 per share (2015: \$0.4 per share). The record date for the dividend will be January 13, 2017 and the payment date will be January 30, 2017.

### Net Asset Value per Ordinary Share

	2016	2015
Net assets	\$ 230,398,371	\$ 209,175,074
Conversion of convertible loan notes	88,519,562	-
Diluted net assets	\$ 318,917,933	\$ 209,175,074
Number of shares in issues	12,105,086	11,792,805
Potential dilutive impact of convertible loan notes	4,984,210	-
Diluted number of shares in issue	17,089,296	11,792,805
NAV per ordinary share – basic	\$ 19.03	\$ 17.74
NAV per ordinary share – diluted	\$ 18.66	\$ 17.74

**Directors and Officers Interest in Somers' Share Capital**

At September 30, 2016 the Directors and Officers of the Company and their related interests had combined interests totalling 4,958,249 common shares out of 12,105,086 common shares in issue on that date.

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**ENDS-**

Somers Limited is a listed financial services investment holding company whose major assets include its 100% owned subsidiary, Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks, a 59% holding in Homeloans Limited, a leading non-bank Australian financial institution and a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with £5.1 billion assets under management. The Group's other investments include a 49% economic interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser, a 23% 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 investment company. Somers has gross assets of approximately \$347 million. 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](http://www.somers.limited).

# SOMERS LIMITED

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(expressed in United States dollars)

<b>Assets</b>	<b>SEP 30, 2016</b>	<b>SEP 30, 2015*</b>
Cash and cash equivalents	\$ 751,940	\$ 1,108,676
Other assets	82,889	34,682
Interest receivable	356,995	520,134
Loans and receivables	13,694,281	4,461,285
Financial investments	332,038,271	209,864,255
<b>Total assets</b>	<b>346,924,376</b>	<b>215,989,032</b>
<b>Liabilities</b>		
Interest payable	107,638	-
Other liabilities	1,409,263	813,958
Convertible loan notes	88,519,562	-
Interest bearing loans and borrowings	26,489,542	6,000,000
<b>Total liabilities</b>	<b>116,526,005</b>	<b>6,813,958</b>
<b>Net assets</b>	<b>\$ 230,398,371</b>	<b>\$ 209,175,074</b>
<b>Equity</b>		
Capital stock	\$ 1,211	\$ 1,179
Contributed surplus	166,915,045	162,674,966
Treasury shares	-	-
Accumulated other comprehensive loss	(14,161,446)	(3,838,932)
Retained earnings	77,643,561	50,337,861
<b>Total equity</b>	<b>\$ 230,398,371</b>	<b>\$ 209,175,074</b>

\*Audited

# SOMERS LIMITED

## CONSOLIDATED STATEMENT OF INCOME

(expressed in United States dollars)

Income	For the three months ended		For the twelve months ended	
	SEP 30, 2016	SEP 30, 2015	SEP 30, 2016	SEP 30, 2015*
Interest income	\$ 304,877	\$ 372,314	\$ 1,069,332	\$ 1,285,818
Interest expense	(266,678)	(113,168)	(684,596)	(204,322)
Net interest income	38,199	259,146	384,736	1,081,496
Dividend income	899,044	-	3,399,044	2,587,780
Gains (losses) on investments	34,269,044	(4,128,488)	34,832,011	(3,129,227)
Net foreign exchange losses	(330,233)	(853,849)	(4,154,241)	(2,675,088)
Total income	34,876,054	(4,723,191)	34,461,550	(2,135,039)
<b>Expenses</b>				
Investment management fees	135,000	156,465	538,145	534,783
Legal and professional fees	227,282	232,520	561,588	659,083
Audit and accounting fees	64,381	39,398	273,482	327,334
Directors' fees	16,250	16,250	65,000	67,333
General and administrative expenses	180,616	104,810	455,120	387,923
Total expenses	623,529	549,443	1,893,335	1,976,456
Income (loss) before tax	34,252,525	(5,272,634)	32,568,215	(4,111,495)
Income tax expense	(275,748)	(13,038)	(278,121)	(19,203)
Net income (loss)	\$ 33,976,777	\$ (5,285,672)	\$ 32,290,094	\$ (4,130,698)

\*Audited

**SOMERS LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

(expressed in United States dollars)

Income	For the three months ended		For the twelve months ended	
	SEP 30, 2016	SEP 30, 2015	SEP 30, 2016	SEP 30, 2015*
Net income (loss) for the period	\$ 33,976,777	\$ (5,285,672)	\$ 32,290,094	\$ (4,130,698)
Other comprehensive (loss) income:				
Exchange differences on translation of foreign operations	(3,418,160)	(2,283,369)	(10,183,051)	(4,095,406)
Net gain (loss) on financial investments	209,106	(551,667)	(125,834)	(22,096)
Reclassification of gains on financial investments realised in net income	(13,629)	(179,221)	(13,629)	(179,221)
Other comprehensive loss	(3,222,683)	(3,014,257)	(10,322,514)	(4,296,723)
Total comprehensive income (loss)	\$ 30,754,094	\$ (8,299,929)	\$ 21,967,580	\$ (8,427,421)

\*Audited