



December 19, 2014

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

Financial Results for the year ended September 30, 2014

For Immediate Release- (Hamilton, Bermuda) Somers Limited, a financial services investment holding company, is pleased to announce its results for the quarter and the year ended September 30, 2014.

Company Highlights for the year ended September 30, 2014:

- Shareholders’ equity increased by 19.8% to \$215.1 million as at September 30, 2014 (September 30, 2013: \$179.6 million);
- Net income of \$32.2 million (2013: \$33.7 million);
- Diluted earnings per share of \$2.89 (2013: \$3.88);
- Total return on equity for the year of 14.99% (2013: 19.72%);
- Diluted net asset value per share of \$18.96 as at September 30, 2014 (September 30, 2013; \$16.81); and
- Final dividend of \$0.22 per share (2013: \$0.20 per share) bringing the total dividend for the year to \$0.37 per share (2013: \$0.32 per share).

Investment Highlights for the year ended September 30, 2014:

- BCB reported net income of \$9.2 million (2013: \$8.9 million);
- BCB Tier 1 ratio of 25.03%;
- Waverton reported pre-tax income of \$11.7 million;
- Waverton reported Assets under Management (“AuM”) as at September 30, 2014 of \$8.4 billion (£5.2 billion) an increase of approximately 20.0% compared to September 30, 2013;
- Valuation of Somers’ investment in Waverton increased by \$24 million over the course of the year to \$67 million; and
- Further investment in Ascot Lloyd Holdings Limited (“Ascot Lloyd”) of £2.4 million and completion of €3.25 million investment in Merrion Capital Holdings Limited (“Merrion”), an Irish financial services group.



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

“Somers has had its second consecutive year of strong growth and the Company’s NAV per share now stands at \$18.96 up from \$16.81 a year ago and up from \$14.34 at Somers’ incorporation in 2012. These results reflect the strong performance from our two key investments, BCB and Waverton, both of whom had profitable years. In particular, Waverton’s improving profitability and the general strengthening of the UK market has seen the value of this investment grow by a further \$24 million in 2014 following the \$25 million investment gain recorded for 2013. These gains at Waverton were the key contributor to Somers’ strong 2014 performance and partially offset the impact of the strong US dollar.

As a long term investor, the level of new investments deployed by Somers will strongly correlate with new capital growth. We did not repeat the high transaction levels of 2013 which were funded by a number of share issues and a successful warrant issue. However we made a number of smaller investments in 2014 including a further investment in Ascot Lloyd to fund what we consider is a strong value enhancing acquisition and we completed an investment in Merrion. Merrion provides stockbroking, corporate finance advisory and funds management services mainly to the domestic Irish market, and we look forward to benefitting from the synergies Merrion can bring to other parts of the Somers group.

The Company now has an increasingly diversified portfolio of investments across a number of financial services sectors and notwithstanding increased market volatility we look forward to the coming year with confidence.”

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Summary of Somers' results for the year ended September 30, 2014

Introduction

During the year until September 30, 2014, Somers early adopted the accounting standard, IFRS 10. Under this new accounting standard, Somers, as an investment company, no longer consolidates its controlled investments other than those subsidiaries that provide services to the Company. The Company's controlled investments, including BCB, Waverton, PCFG, Westhouse and West Hamilton, are now recorded at their fair value.

Profit levels have been driven primarily by the uplift in valuation of Waverton which was partially offset by the strengthening of the Dollar against the Sterling. The Company's 2013 results have been restated in compliance with the new accounting guidance and all references in this report to prior year figures use the restated comparatives.

For the year ended September 30, 2014, the Company recorded net income of \$32.2 million (September 30, 2013: \$33.7 million) equating to an annualised total return on shareholders' equity (including dividends) of 15.0%. Earnings per share (on both a basic and fully diluted basis) were \$2.89 in 2014 compared with basic and fully diluted earnings of \$3.89 and \$3.88 in 2013. The Company's diluted net asset value per share ended the year at \$18.96 (September 30, 2013: \$16.81).

The Company's two main subsidiaries, BCB and Waverton, reported strong results for the year with pre-tax net income of \$9.2 million and \$11.7 million respectively. Waverton's Assets under Management ("AuM") increased to \$8.4 billion (£5.2 billion) from \$6.4 billion (£4.0 billion) last year and this growth drove the strong annual results and the \$24 million increase in Waverton's valuation. Waverton was acquired in August 2013 by Somers using a combination of debt and equity and prior to the year end, Waverton refinanced its acquisition debt externally and repaid Somers' outstanding loan.

Westhouse continues to be loss making in challenging markets, but is moving towards break even. 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.

Total assets at September 30, 2014, were \$223.6 million (2013: \$216.7 million) with the Company's portfolio of investments accounting for the substantial majority of this. Within investments, BCB at \$113.8 million and Waverton at \$66.6 million together represent 82.6% of total investments. It is anticipated that this concentration will reduce over time as new capital flows and net positive cash flows from existing investments allow for new investment opportunities.

Shareholders' equity increased by 19.8% to \$215.1 million as at September 30, 2014 from \$179.6 a year earlier. \$7.6 million of this growth came from net new share issuances while the remaining \$27.9 million resulted from retained income.

Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.22 per share (2013: \$0.20) bringing the total dividend for the year to \$0.37 per share (2013: \$0.32). The record date for the dividend will be January 13, 2015 and the payment date will be February 6, 2015.

Dividend Reinvestment Plan ("DRP")

Following consultation with Shareholders and the adoption of IFRS 10, the Somers Board has resolved to reinstate the Company's DRP with effect from the dividend payment date of February 6, 2015. This will enable Shareholders to elect to receive shares in lieu of cash dividends. A number of Shareholders had expressed their preference for the reinstatement of the DRP and with the Company now accounting for its investments using a fair value accounting method, the Directors believe that Shareholders are now better placed to understand the full value of Somers' investments. The share price to be



used for the DRP will be \$14.00 per share, equal to the mid-price of the Company's common shares as at December 18, 2014.

There have been no changes to the DRP since it commenced on February 8, 2013 and all Shareholders will be sent a letter providing them the option to participate in the DRP.

REVIEW OF CORE INVESTMENTS

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

The Bank recorded net profit of \$9.21 million for the year. This compares to net profit of \$8.86 million in 2013, an increase of \$0.35 million. Total revenue for the year was \$32.86 million, an increase of \$1.5 million (4.75%) compared to the year before.

Total net interest income for the year was \$18.17 million, an increase of \$2.20 million (13.75%) compared to the previous year. Net non-interest income for the year was \$14.70 million (2013: \$15.40 million). Gains from the sale of financial investments for the year ended September 30, 2014, were \$17.84 million, compared to gains of \$14.69 million recorded in 2013. Total expenses for the year were \$23.65 million compared to \$22.51 million recorded in 2013. The Bank is focused on controlling costs and the increase in expenses mainly reflected the Bank strengthening the key management team in the strategic business areas.

Total assets as at September 30, 2014, were \$592.57 million (\$591.67 million as at September 30, 2013). Total customer deposit balances at the year-end were \$471.28 million (\$467.50 million as at September 30, 2013). The Bank's capital position remains strong with total equity increasing to \$113.43 million at September 30, 2014, from \$109.46 million recorded 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 has complied with all minimum regulatory capital requirements prescribed by the Banking regulator, and at September 30, 2014, the Bank's Tier 1 and total capital ratios of 25.03% (2013: 22.34%) and 23.18% (2013: 20.69%) respectively, significantly exceeded the prescribed regulatory limits. Somers investment in BCB has been valued at \$113.8 million which is equal to BCB's book value and in line with comparable companies.

BCB's financial performance continues to be strong with its liquid and well capitalised balance sheet further strengthening over the course of the year. There are significant opportunities for BCB to continue to penetrate the market with new products and services.

Waverton Investment Management Limited (“Waverton”)

Waverton had Assets under Management (“AUM”) of £5.2 billion as at September 30, 2014 (September 30, 2013: £4.0 billion). Waverton's AuM has increased through a combination of new assets and an increase in value of existing assets. For the twelve months ended September 30, 2014, Waverton earned revenue of £31.1 million and recorded profit before tax of £7.2 million.

Waverton's European Fund, which was closed to new outside investors in September 2014, with approximately £1.1 billion under management, continues to perform well. Other areas of the business attracted new assets in 2014 and in the current financial year there will be a focus on increasing assets from private clients, the charities sector and global institutional mandates. Waverton is experiencing increased costs due to greater regulation and it is anticipated that with the advent of FATCA and other regulations, will continue to rise in 2015 and beyond.

Waverton was acquired by Somers in August 2013 and in the intervening period Waverton has been able to refinance its internal acquisition loans and return funds to Somers. This is both beneficial to Somers as it has freed up funds for further investments and is a sign of the financial strength of Waverton. In 2015, Waverton is aiming to reduce its external debt further such that it is in a position to pay a dividend to Somers in 2016.

Somers' investment in Waverton has been valued based on peer comparisons using an EV/EBITDA valuation methodology. Over the course of the year, Waverton's EBITDA increased to £8.6 million from £7.1 million a year earlier while the peer



multiple also increased by 9%. These increases along with the absence of any earnings distributions resulted in an increase in the value of Somers' investment in Waverton to £41.1 million from £26.4 million at September 30, 2013.

At September 30, 2014 Waverton represented 30.8% of Somers' investment portfolio and its recent performance has had a material impact on Somers' overall performance. The UK's recent economic performance appears relatively robust with September 2014 GDP quarter growth of 0.7%. However, weak European macro-economic data and the deterioration of investor sentiment remain persistent challenges. How these factors play out is likely to have an impact on the performance of the capital markets in 2015 and will impact Waverton's 2015 AuM levels with a direct correlation to the firm's profitability, EBITDA and valuation.

Private & Commercial Finance Group plc ("PCFG")

On November 26, 2014, PCFG announced their results for the six months ended September 30, 2014. PCFG reported an increase in profit before tax of 69% to £0.9 million and a return on average assets of 1.8% (2013: 1.2%). PCFG's short term aim is to generate a return on average assets of 2.0% in 2015. Diluted earnings per share increased by 50% to 0.6p and net assets increased to £11.1 million, with diluted net assets per share of 12.3p. The total portfolio had grown to £94 million (2013: £86 million) and as at September 30, 2014, PCFG had headroom on its debt facilities of £11.8 million, which has increased by a further £8million since the period end.

PCFG continues to focus on its application for a deposit taking license. The company is currently selecting suitable IT systems and completing the regulatory business plan, and whilst this project is approximately three months behind plan due to moving to new premises, PCFG remains confident it will progress in the first half of 2015. A successful application should have a significant impact on PCFG's results as it would decrease its cost of funding significantly and reduce its reliance on banks for funding.

Somers is interested in 15,553,800 shares in PCFG representing approximately 29.3% of PCFG's issued share capital. In addition, Somers is interested in £8.5 million unsecured convertible loan notes ("CLNs") issued by PCFG with a conversion price of 8.5p, £2.67 million of which are directly held by BCB. If Somers converted their CLNs then the Group would have a diluted economic interest in PCFG of approximately 68%. As at September 30, 2014, PCFG's market capitalisation was approximately £7.2 million (\$11.6 million), excluding the value of the convertible loan notes. Its share price was 13.5p and its diluted net asset value was 12.3p.

Somers' equity investment in PCFG is marked to market and as at September 30, 2014 was valued at £2.1 million. Somers investment in the CLNs as at September 30, 2014 was valued at £7.2 million.

Westhouse Holdings plc ("Westhouse")

Somers is interested in 84.6% of the issued share capital of Westhouse, a London based corporate and institutional stockbroking firm. Westhouse's trading performance whilst improved from the prior year, continues to underperform. This is disappointing against the backdrop of stronger global markets which have been underpinned by significant flows of money from the world's central banks. The market for IPO and secondary fundraisings in the London market, in which Westhouse focuses, has improved in 2014 and this is reflected by better corporate finance revenues. Secondary commissions continue to be impacted by regulatory changes to the way that fund managers pay for research from the broking community. This is a long term structural issue and one which Westhouse will need to adapt to as they move forward. The trading performance started the year in positive fashion, but has dropped off due to a prolonged period of low volatility in the market and the shortage of capital that has been allocated to the market making book.

For the nine months ended September 30, 2014 (Westhouse changed its year end from December to September so as to coincide with Somers), Westhouse reported revenue of £8 million (2013: £11 million for twelve months), operating loss of £1.5 million (2013: £3 million for twelve months) and a loss before tax of £1 million (2013: loss of £3 million for twelve



months). As at September 30, 2014, shareholders' funds were £1 million (2013: -£2 million). Both the quarters ended June 30 and September 30, were profitable at the operating level which highlighted the importance of completing corporate transactions. Westhouse had 65 corporate clients as at September 30, 2014 (2013: 70) who are generating recurring revenue for Westhouse in the region of £5 million.

Somers investment in Westhouse was valued using a peer multiple of revenue methodology. On account of the continued weak performance at Westhouse, Somers' valuation of this investment was reduced to £2.0 million as at September 30, 2014.

Post the year end, Somers announced that Mark Brown had been appointed as a consultant to Somers' UK and Irish investments and Executive Chairman to Westhouse. Mr. Brown comes with a proven track record in both small and large investments banks. He was Chief Executive of ABN's UK equities business and more recently, led the successful turnarounds of Arbutnot Securities and Collins Stewart Hawkpoint. Previously he was the Global Head of Research for ABN AMRO and HSBC.

Ascot Lloyd Holdings Limited ("Ascot Lloyd")

Ascot Lloyd is an independent financial adviser ("IFA"), regulated by the Financial Conduct Authority with a number of offices across the UK. Ascot Lloyd provides a financial planning service for personal and corporate clients incorporating the use of protection products, investment products, pension planning and tax planning.

Somers is interested in 6% convertible loan notes. Upon conversion of the convertible loan notes, Somers would be interested in approximately 32.5% of Ascot Lloyd's diluted issued share capital. In addition, Somers has made a loan to Ascot Lloyd of £1.2 million of which £0.95 million is drawn down.

The investments from Somers have enabled Ascot Lloyd's acquisition of assets from IFG plc in September 2014. We believe this is a transformational acquisition for Ascot Lloyd, doubling the size of the business and increasing its assets under management to over £1 billion and recurring income to £5.2 million.

For the nine months ended September 30, 2014, Ascot Lloyd reported unaudited revenue of £5.1 million, gross profit of £4.3 million and operating profit of £0.4 million. Somers investment in the Ascot Lloyd convertible loan notes is valued at cost which is equal to £3.2 million (\$5.2 million) as at September 30, 2014.

Merrion Capital Holdings Limited ("Merrion")

Merrion was established in 1999 as an independent financial services firm providing stockbroking, corporate finance advisory and fund management services to a mainly domestic Irish client base.

In July 2014, Somers completed a €3.25 million investment in Merrion. Somers invested €750k by way of equity which represents 6.6% of Merrion's issued share capital, and a three year 3% convertible loan note of €2.5 million. Upon conversion of the convertible loan note, Somers would be interested in approximately 21.5% of Merrion's issued share capital. Somers invested alongside Merrion's existing management and Brehon Capital Partners Limited, a Dublin based real estate, private equity investment and asset management firm.

Merrion has a number of revenue streams including Private Clients, Retail Asset Management, Fixed Income, Corporate Finance and Merrion Investment Management ("MIM"). The two main business lines are MIM (institutional asset management) (32 per cent of total 2013 revenues) and Private Clients/Stockbroking (35 per cent. of total 2013 revenues). Merrion's total revenue in 2013 was €13.3 million and net profit after tax was €0.7 million.



MIM has approximately €880 million assets under management and a successful performance track record. It is a niche player in the Irish institutional pension fund market and competes with a limited number of domestic players (Irish Life) and a number of institutional players such as Zurich, Standard Life and Blackrock who have presences in Ireland. Their flagship fund is the Merrion Managed Fund.

The private client business manages approximately €250 million of private client funds across 3,000 accounts, mainly on an advisory and execution only basis and generated revenue of €4.6 million in 2013. Furthermore, there is pension/trustee business as part of the overall division which provides Inland Revenue approved private pension platforms to High Net Worth clients.

While Merrion is a recent investment, we are pleased with its performance to date and believe that there are a number of opportunities for Merrion to grow its existing products. In addition, we believe that there are opportunities for Merrion to interact with some of Somers' other investments. Somers' investment in Merrion was acquired in July 2014 and as at September 30, 2014 is valued at cost.

Other Investments

Somers has a number of small investments, mainly listed equities which as at September 30, 2014, had a market value of \$5.4 million. These investments are non-core to Somers and we would anticipate a realisation of a number of these investments in 2015.

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 and a 62.5% holding in Waverton Investment Management Limited, a UK wealth manager with over US\$8.4 billion assets under management. The Group's other investments include an approximate 68% economic interest in the London Stock Exchange listed Private & Commercial Finance Group PLC, a UK asset financing company, an 84.6% stake in Westhouse Holdings PLC, a corporate and institutional stockbroking group, a 30% economic interest in Ascot Lloyd Holdings Limited, a UK independent financial adviser and a 21% economic interest in Merrion Capital Holdings Limited, an Irish financial services group. Somers has shareholders' equity of \$218 million and minimal levels of 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.

ICM Limited is a Bermuda based Fund Manager and Corporate Finance Adviser with asset under management of approximately \$1.8 billion. ICM specialises in the financial services, utility & infrastructure, fixed income and mining and resources sectors. ICM Limited is licensed to carry on business as an exempted company pursuant to Section 129A of the Companies Act, 1981. More details can be found at www.icm.bm.