

December 11, 2020

FOR IMMEDIATE RELEASE

Somers Limited reports quarterly net income of \$51.3 million

Somers Limited (“Somers” or “the Company”, BSX: SOM.BH), a financial services investment holding company, today announces net income of \$51.3 million for the quarter ended September 30, 2020, NAV per share of \$19.78, an increase of 12.3% over the quarter, and shareholders’ equity of \$422.1 million.

Net income for the year ended September 30, 2020 was \$69.0 million and the total annual return, including dividends was 18.9%.

Overview of the fourth quarter ended September 30, 2020:

- Net income of \$51.3 million for the quarter (2019: \$4.9 million) bringing net income for the year ended September 30, 2020 to \$69.0 million;
- Net asset value (“NAV”) per share of \$19.78 as at September 30, 2020 (September 30, 2019: \$17.10);
- Shareholders’ equity of \$422.1 million as at September 30, 2020 (September 30, 2019: \$353.6 million); and
- Final dividend of \$0.34 per share (2019: \$0.30 per share) bringing the total dividend for the year to \$0.55 per share (2019: \$0.51 per share).

Investment highlights:

- Resimac Group Limited (“Resimac”) announced a profit upgrade and that it anticipates profit after tax for the first half of the year to be between A\$48 million and A\$53 million compared to A\$26.9 million a year ago, and during the quarter Resimac settled a A\$1.0 billion non-conforming residential mortgage backed securitization (“RMBS”);
- Waverton Investment Management Group Limited (“Waverton”) reported assets under influence for the quarter of £9.2 billion; and
- PCF Group plc reported underlying profit before tax of £3.9 million (after Covid-19 loan provisions of £7.8 million), an increase in their loan book of 28% to £434 million and a net interest margin of 6.9% for the year ended September 30, 2020.

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

“Despite the far-reaching consequences of Covid-19, I am delighted to be able to report that the year ended September 30, 2020 was an excellent year for Somers. During the year, our NAV increased by over 15% to \$19.78 and shareholders’ funds increased to \$422.1 million. Our investee companies continue to focus on the Covid-19 fallout, but it is pleasing to see how resilient their business models have been in 2020 and how they have been able to position themselves for growth when the global economy begins to recover. Our largest investment, Resimac, continues to report strong results and this was rewarded with a 42% increase in its share price during the quarter and this strength has continued post the quarter end with its share price increasing further.

Whilst the recent news of Covid-19 vaccines has been positive, it is still going to be a number of months before the global economy can move back to pre Covid-19 growth levels. Covid-19 has severely challenged us and has inflicted huge damage on the underlying economy and disrupted health services, businesses, education and social activities. In addition to Covid-19 we continue to experience two broad opposing forces at work in global markets, being social and political tensions and central bank intervention. The impact of all these events is likely to lead to continued periods of market volatility. However, given the liquidity that has been injected into the financial system by Governments and Central Banks across the globe we believe that on balance asset prices could strengthen in 2021. Our investee companies have dealt well with the challenges imposed on them in 2020 and we believe they are well positioned for the coming year.

Therefore, the Directors are pleased to recommend a 13% increase in the final dividend to \$0.34 per share bringing the total dividend for the year to \$0.55.

Post the quarter end, Somers announced that it had entered into a merger agreement for the sale of BCB to Provident Holdings Ltd. The transaction remains subject to Regulatory and Government approvals, but we hope that it will complete in the first part of 2021 thereby giving Somers increased flexibility and liquidity to take advantage of the current investment opportunities.”

Summary of Somers' results for the quarter ended September 30, 2020

Introduction

Somers recorded net income of \$51.3 million (2019: \$4.9 million) in the quarter and the earnings per share was \$2.41 (2019: \$0.24). Somers' net asset value per share ended the quarter at \$19.78 (September 30, 2019: \$17.10).

During the quarter, Somers recorded a \$46.8 million gain on its investment portfolio (2019: \$12.9 million). The gain was principally due to an increase in the value of the Company's Australian investments. The share price of our largest investment, Resimac, increased by 42% during the quarter in response to its strong results for the year ended June 30, 2020. In addition, Thorn Group Limited's share price performed strongly during the quarter as its turnaround story started to take shape. Partially offsetting these increases were valuation decreases at PCF (the UK financial sector share prices remained under pressure during the quarter because of Covid-19 provisions and Brexit), BCB (to bring the value in line with the BCB sale price) and West Hamilton (recognising the impact of Covid-19 on commercial property valuations in Bermuda).

Net foreign exchange gains were \$10.0 million for the quarter (2019: loss of \$9.6 million). As at September 30, 2020 80.9% of Somers' investment portfolio was exposed to foreign currencies, primarily Sterling and the Australian Dollar. Over the course of the quarter, the Australian Dollar increased in value versus the US Dollar by 3.7% while Sterling increased by 4.2%. These exchange gains were primarily unrealised.

Somers' total assets increased to \$508.6 million (September 30, 2019: \$423.1 million) due to the valuation uplift and currency movements outlined above. The investment portfolio was \$500.9 million as at September 30, 2020 (September 30, 2019: \$410.3 million) with equity investments (\$494.8 million) accounting for 98.8% of this total. The remaining portfolio investments, amounting to 1.2% (\$6.1 million) consisted of other financial investments. Within investments, Resimac at \$258.9 million, Waverton at \$71.9 million, BCB at \$66.4 million, and PCF at \$32.0 million together represent 85.7% of total investments.

Post the quarter end, the Company announced that it had entered into a merger agreement for the sale of BCB to Provident Holdings Ltd.

Borrowings

Total borrowings were \$76.0 million at September 30, 2020 (September 30, 2019: \$67.9 million).

Shareholders' Equity

Shareholders' equity increased to \$422.1 million as at September 30, 2020 (September 30, 2019: \$353.6 million). Somers bought back 6,000 shares at an average price of \$13.55 per share during the September quarter and the number of shares in issue as at September 30, 2020 was 21,341,482.

Final Dividend

The Company's Board has resolved to pay a final dividend of \$0.34 per share (2019: \$0.30 per share) bringing the total dividend for the year to \$0.55 per share (2018: \$0.51 per share). The record date for the dividend will be January 15, 2021 and the payment date will be February 8, 2021.

Directors and Officers Interest in Somers' Share Capital

At September 30, 2020, the Directors and Officers of Somers and their related interests had combined interests totaling 149,382 common shares representing 0.70% of Somers' issued share capital. No rights to subscribe to shares or debt securities in Somers have been granted to, or exercised by, any Director or Officer of Somers during the September quarter.

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About Somers Limited:

Somers is a listed financial services investment holding company whose major assets include: a 62.4% holding in Resimac Group Limited, a leading non-bank Australian financial institution with almost A\$15 billion assets under management; 100% shareholding in Bermuda Commercial Bank Limited, one of Bermuda's four licensed banks, a direct and indirect 64.6% shareholding in UK specialist bank, PCF Group plc; and, a 62.5% holding in Waverton Investment Management Group Limited, a UK wealth manager with £9.2 billion assets under influence. Somers has shareholders' funds of approximately US\$422 million. Somers' shares are publicly traded and listed on the Bermuda Stock Exchange (Ticker: SOM.BH). More details on Somers can be found at www.somers.limited