

**CM FINANCE INC ANNOUNCES FINANCIAL RESULTS FOR THE FISCAL THIRD QUARTER
ENDED MARCH 31, 2014**

CM Finance Inc (Nasdaq: CMFN) (“CMFN” or “the Company”) today announced financial results for its fiscal third quarter ended March 31, 2014. The Company reported net investment income of \$1.8 million, or \$0.13 per share, for the period from February 6, 2014 through March 31, 2014, and including net realized and unrealized gains of \$0.3 million, earnings of \$2.1 million, or \$0.15 per share, for the same period. At March 31, 2014, net asset value (NAV) per share was \$14.63.

On May 14, 2014, the Company’s Board of Directors declared a second calendar quarter dividend of \$.3375 per share payable on July 1, 2014 to shareholders of record as of June 16, 2014.

On February 5, 2014, CM Finance LLC merged with and into the Company, with the Company as the surviving entity. Through this merger, the Company assumed the business activities of CM Finance LLC. On February 11, 2014, the Company announced that it closed its initial public offering of 7,666,666 shares at an offering price of \$15.00 per share with net proceeds of approximately \$111.5 million. The Company is an externally managed, non-diversified closed-end management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940, as amended, or the 1940 Act. The Company has consolidated its investments in CM Finance SPV, Ltd, a special purpose vehicle that is used to warehouse certain investments, in accordance with its consolidation policy.

Except as otherwise specified, references to "we," "us," and "our" refer to CM Finance LLC and its consolidated subsidiary for the periods prior to the merger, and refer to CM Finance Inc and its consolidated subsidiary for the periods after the merger.

Highlights

Portfolio results, as of March 31, 2014

Total Assets	\$318.9 mm
Investment portfolio, at fair value	\$227.0 mm
Net Assets	\$199.9 mm
Weighted Average yield on debt investments	10.17%
Net Asset Value per share	\$14.63

Portfolio activity in the current quarter

Number of new investments	9
Total capital invested	\$77.6 mm
Proceeds from repayments, sales, and amortization	\$56.2 mm
Number of portfolio companies, end of period	19

Net investment income	\$1.8 mm
Net investment income per share	\$0.13
Net increase in net assets from operations	\$2.1 mm
Net increase in net assets from operations per share	\$0.15
Dividend declared per share (paid March 31, 2014)	\$0.1812

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said, “The first three months of the year presented a challenging environment for lenders. We remain committed to our disciplined underwriting standards and we were pleased to have strong originations in the quarter. Since our initial public offering in February, we have grown the portfolio to \$227 million of investments, and we are pleased with the continued flow of high quality opportunities we have seen thus far in the fourth fiscal quarter.”

Portfolio and Investment Activities

During the quarter, we continued to grow and diversify our investment portfolio. We added nine new investments in the fiscal third quarter, which totaled approximately \$77.6 million, and realized \$56.2 million of repayments, sales proceeds, and amortization. Growth in net investments was approximately \$23.3 million (at fair value). Our new investments during the quarter averaged \$8.6 million, and had an average yield of 9.32% as of March 31, 2014. Of our nine investments in the fiscal third quarter, three were to new portfolio companies.

As of March 31, 2014, our investment portfolio consisted of investments in 19 portfolio companies with a fair value of \$227.0 million, of which 36.0% were first lien investments, 46.2% were second lien investments, 10.9% were senior secured notes, 6.5% were unsecured notes, and 0.4% were warrant positions. The weighted average yield on our debt investments was approximately 10.17% at March 31, 2014. Our average portfolio company investment at fair value was approximately \$11.9 million, and we had no nonperforming loans in the portfolio.

Capital Resources

As of March 31, 2014, we had \$52.4 million of cash and \$35.7 million in restricted cash and our net assets totaled \$199.9 million.

CM Finance Inc and subsidiary Consolidated Statements of Assets and Liabilities

	March 31, 2014
	(Unaudited)
Assets	
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$225,165,720)	\$ 226,968,690
Derivatives, at fair value (cost \$0)	921,338
Cash	52,409,756
Cash, restricted	35,700,397
Due from broker	90,823
Interest receivable	1,820,308
Deferred debt issuance costs	640,228
Prepaid expenses and other assets	384,987
Total Assets	\$ 318,936,527
Liabilities	
Notes payable:	
Term loan	\$ 76,500,000
Revolving credit facility	35,020,623
Payable for investments purchased	4,975,000
Distributions payable	616,399
Directors' fees payable	125,000
Derivatives, at fair value (cost \$0 and \$0, respectively)	921,338
Interest payable	177,046
Accrued expenses and other liabilities	664,458
Total Liabilities	118,999,864
Net Assets	
Common stock, par value \$0.001 per share (100,000,000 shares authorized, 13,666,666 shares issued and outstanding)	13,667
Additional paid-in capital	198,720,187
Accumulated net realized gain	107,709
Distributions in excess of net investment income	(707,870)
Net unrealized appreciation on investments	1,802,970
Total Net Assets	199,936,663
Total Liabilities and Net Assets	\$ 318,936,527
Net Asset Value Per Share	\$ 14.63

CM Finance Inc and subsidiary

Consolidated Statements of Operations (Unaudited)

	For the three months ended
	March 31, 2014
Investment Income:	
Interest income	\$ 4,908,129
Payment in-kind interest income	412,587
Other fee income	213,382
Total investment income	<u>5,534,098</u>
Expenses:	
Base management fees	455,934
Performance-based incentive fees	-
Custodian and administrator fees	56,433
Directors' fees	125,000
Professional fees	178,013
Interest expense	662,838
Amortization of deferred debt issuance costs	180,120
Other expenses	180,183
Total expenses	<u>1,838,521</u>
Waiver of base management fees from Investment Manager	(455,934)
Net expenses	<u>1,382,587</u>
Net investment income ⁽¹⁾	<u>4,151,511</u>
Net realized and unrealized gains (losses) on investment transactions:	
Net realized gains (losses) on investments attributable to CM Finance LLC	122,682
Net realized gains (losses) on investments attributable to CM Finance Inc	107,709
Net change in unrealized appreciation (depreciation) on investments attributable to CM Finance LLC	1,128,765
Net change in unrealized appreciation (depreciation) on investments attributable to CM Finance Inc	186,834
Net realized and unrealized gains (losses)	1,545,990
Net increase in net assets resulting from operations	<u>\$ 5,697,501</u>
Net increase in net assets resulting from operations attributable to CM Finance LLC	<u>\$ 3,633,977</u>
Net increase in net assets resulting from operations attributable to CM Finance Inc	<u>\$ 2,063,524</u>
CM Finance Inc:	
Basic and diluted:	
Net investment income per share	\$ 0.13
Earnings per share	\$ 0.15
Weighted Average Shares of Common Stock Outstanding	13,666,666
Dividends declared per common share	<u>\$ 0.1812</u>
⁽¹⁾ Net investment income attribution:	
	For the three months ended
	March 31, 2014
Net investment income attributable to CM Finance LLC	<u>\$ 2,382,530</u>
Net investment income attributable to CM Finance Inc	<u>\$ 1,768,981</u>

About CM Finance Inc

The Company is an externally-managed, closed-end, non-diversified management investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. The Company's investment objective is to maximize the total return to its stockholders in the form of current income and capital appreciation through debt and related equity investments by targeting investment opportunities with favorable risk-adjusted returns. The Company seeks to invest primarily in middle-market companies that have annual revenues of at least \$50 million and earnings before interest, taxes, depreciation and amortization of at least \$20 million. The Company's investment activities are managed by its investment adviser, CM Investment Partners LLC. To learn more about CM Finance Inc, please visit www.cmfn-inc.com.

Forward-Looking Statements

Statements included herein may contain "forward-looking statements," which relate to future performance or financial condition. Statements other than statements of historical facts included in this press release may constitute forward-looking statements and are not guarantees of future performance or results and involve a number of assumptions, risks and uncertainties, which change over time. Actual results may differ materially from those anticipated in any forward-looking statements as a result of a number of factors, including those described from time to time in filings by the Company with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein except as required by law. All forward-looking statements speak only as of the date of this press release.

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