

CM Finance Inc Reports Results for its fiscal fourth quarter ended June 30, 2014

CM Finance Inc (Nasdaq: CMFN) (“CMFN” or “the Company”) today announced financial results for its fiscal fourth quarter ended June 30, 2014.

HIGHLIGHTS

- **Investment portfolio increased by \$46.7 million, or 21%, from last quarter, to \$273.7 million**
- **Yield on portfolio increased to 10.44% from 10.17% last quarter**
- **Seven new investments during the quarter with a weighted average yield of 11.0%**
- **Declared dividend of \$.3375 per share for quarter ended September, 30, 2014.**

Portfolio results, as of June 30, 2014

Total Assets	\$308.8 mm
Investment portfolio, at fair value	\$273.7 mm
Net Assets	\$200.2 mm
Weighted Average yield on debt investments	10.44%
Net Asset Value per share	\$14.65

Portfolio activity in the current quarter:

Number of new investments	7
Total capital invested	\$88.7 mm
Proceeds from repayments, sales, and amortization	\$42.6 mm
Number of portfolio companies, end of period	24

Net investment income	\$4.6 mm
Net investment income per share	\$0.34
Net increase in net assets from operations	\$4.9 mm
Net increase in net assets from operations per share	\$0.36
Dividend declared per share (paid July 1, 2014)	\$0.3375

Mr. Michael C. Mauer, the Company’s Chief Executive Officer, said, “We continued to grow the size of our portfolio in the fiscal fourth quarter and see attractive risk adjusted returns as we enter our new fiscal year. Our pipeline remains robust and we see a stable environment for terms on investments.”

The Company’s Board of Directors declared a third calendar quarter dividend of \$.3375 per share payable on October 1, 2014 to shareholders of record as of September 18, 2014.

The Company reported net investment income of \$4.6 million, or \$0.34 per share and net realized and unrealized gains of \$0.3 million, or \$0.02 per share for the quarter. The total net increase in net assets for the quarter was \$4.9 million, or \$0.36 per share. At June 30, 2014, net asset value (NAV) per share was \$14.65.

Portfolio and Investment Activities

During the quarter, we continued to grow and diversify our investment portfolio. We added seven new investments in the fiscal fourth quarter, which totaled approximately \$88.7 million, and realized \$42.6 million of repayments, sales proceeds, and amortization. Growth in net investments was approximately \$46.7 million (at fair value). Our new investments during the quarter averaged \$12.6 million, and had a weighted average yield of 11.0%. Six of our seven investments in the fiscal fourth quarter were to new portfolio companies.

As of June 30, 2014, our investment portfolio consisted of investments in 24 portfolio companies with a fair value of \$273.7 million, of which 40.9% were first lien investments, 48.8% were second lien investments, 9.5% were senior secured notes (comprised of 7.3% and 2.2% first and second liens, respectively), and 0.8% were warrant

positions. The weighted average yield on our debt investments was approximately 10.44% at June 30, 2014. Our average portfolio company investment at fair value was approximately \$11.4 million, and we had no nonperforming loans in the portfolio.

Capital Resources

As of June 30, 2014, we had \$24.7 million of cash, \$7.1 million in restricted cash, \$40.9 million of capacity under our revolving credit facility and our net assets totaled \$200.2 million.

CM Finance Inc and subsidiary Consolidated Statement of Assets and Liabilities

	<u>June 30, 2014</u>
Assets	
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$271,682,258)	\$273,710,465
Derivatives, at fair value (cost \$0)	563,866
Cash	24,698,073
Cash, restricted	7,139,313
Interest receivable	1,458,043
Deferred debt issuance costs	459,676
Prepaid expenses and other assets	730,562
Total Assets	<u><u>\$308,759,998</u></u>
Liabilities	
Notes Payable:	
Term loan	\$76,500,000
Revolving credit facility	9,091,314
Payable for investments purchased	16,660,000
Distributions payable	4,612,500
Derivatives, at fair value (cost \$0)	563,866
Base management fees payable	313,237
Interest payable	108,117
Accrued expenses and other liabilities	694,143
Total Liabilities	<u>108,543,177</u>
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	198,810,786
Distributions in excess of net investment income	(635,839)
Net unrealized appreciation on investments	2,028,207
Total Net Assets	<u><u>200,216,821</u></u>
Total Liabilities and Net Assets	<u><u>\$308,759,998</u></u>
Net Asset Value Per Share	\$14.65

CM Finance Inc and subsidiary
Consolidated Statement of Operations

	For the three months ended June 30, 2014
Investment Income:	
Interest income	\$6,113,405
Payment in-kind interest income	492,305
Total investment income	<u>6,605,710</u>
Expenses:	
Base management fees	1,005,836
Custodian and administrator fees	32,274
Directors' fees	76,500
Professional fees	281,750
Allocation of administrative costs from advisor	221,821
Insurance expense	122,145
Interest expense	621,401
Amortization of deferred debt issuance costs	180,552
Other expenses	143,530
Total expenses	<u>2,685,809</u>
Waiver of base management fees from Investment Manager	(692,599)
Net expenses	<u>1,993,210</u>
Net investment income	<u><u>4,612,500</u></u>
Net realized and unrealized gains (losses) on investment transactions:	
Net realized gains on investments	54,921
Net change in unrealized appreciation on investments	225,237
Net realized and unrealized gains	<u>280,158</u>
Net increase in net assets resulting from operations	4,892,658
Basic and diluted:	
Net investment income per share	0.34
Earnings per share	0.36
Weighted Average Shares of Common Stock Outstanding	13,666,666
Dividends declared per common share	\$0.3375

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.cmfnc-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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