

# CM Finance

## CM Finance Inc Reports Results for Its Fiscal Second Quarter Ended December 31, 2015

NEW YORK, Feb. 08, 2016 (GLOBE NEWSWIRE) -- CM Finance Inc (Nasdaq:CMFN) ("CMFN" or "the Company") today announced financial results for its fiscal second quarter ended December 31, 2015.

### HIGHLIGHTS

- | **Increased quarterly distribution 1.4% to \$0.3516 per share**
- | **Decline in NAV per share to \$12.17 from \$13.65 per share at September 30, 2015**
- | **Investment portfolio declined by \$28.6 million, or 8.9%, from last quarter, to \$292.8 million at fair value primarily due to decline in fair value of \$21.8 million**
- | **Weighted average yield of debt portfolio, at cost, of 10.31% compared to 11.02% at September 30, 2015**
- | **One debt investment made during the quarter with a yield, at cost, of 10.5%**
- | **Declared a regular quarterly distribution of \$0.3516 per share for the quarter ending March 31, 2016, payable on April 7, 2016, to shareholders of record as of March 18, 2016.**

Portfolio results, as of December 31, 2015:

Total Assets	\$ 333.7	mm
Investment portfolio, at fair value	\$ 292.8	mm
Net Assets	\$ 166.4	mm
Weighted Average yield on debt investments, at cost	10.31	%
Net Asset Value per share	\$ 12.17	

Portfolio activity in the current quarter:

Number of new investments	1	
Total capital invested	\$ 10.0	mm
Proceeds from repayments, sales, and amortization	\$ 18.2	mm
Number of portfolio companies, end of period	22	

Net investment income	\$ 6.3	mm
Net investment income per share	\$ 0.46	
Net decrease in net assets from operations	\$ 15.4	mm
Net decrease in net assets from operations per share	\$ 1.13	
Distribution declared per share (paid January 5, 2016)	\$ 0.3469	

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said, "Volatility in the global credit, equity and commodity markets was the theme in the latter part of 2015 and has continued into early 2016. Given that backdrop, we have been cautious in the deployment of our capital, and continue to focus on directly originated credit opportunities."

On February 2, 2016, the Company's Board of Directors declared a distribution for the quarter ended March 31, 2016 of \$0.3516 per share payable on April 7, 2016 to shareholders of record as of March 18, 2016.

The Company reported net investment income of \$6.3 million, or \$0.46 per share, and net realized and unrealized losses of \$21.8 million, or \$1.59 per share, for the quarter. The total net decrease in net assets

resulting from operations for the quarter was \$15.4 million, or \$1.13 per share. At December 31, 2015, the Company's net asset value (NAV) per share was \$12.17.

### Portfolio and Investment Activities

During the quarter, we added one new investment of \$10.0 million to a new portfolio company and realized \$18.2 million of repayments, sales proceeds and amortization. The decrease in our net investments after taking into account realized and unrealized gains was approximately \$28.6 million (at fair value). Our new portfolio company investment during the quarter has a yield of 10.5%.

At December 31, 2015, our investment portfolio of \$292.8 million (at fair value) consisted of investments in 22 portfolio companies, of which 50.7% were first lien investments, 46.1% were second lien investments, 3.1% were unsecured investments and 0.1% were equity and warrant positions. At December 31, 2015, our average portfolio company investment at fair value was \$13.3 million. At December 31, 2015, we had one loan, or 2.6% of our portfolio, at fair value, on non-accrual status.

As of December 31, 2015 and June 30, 2015, our weighted average total yield of debt and income producing securities at amortized cost (which includes interest income and amortization of fees and discounts) was 10.31% and 10.91%, respectively.

### Capital Resources

As of December 31, 2015, we had \$16.4 million in cash, \$9.7 million in restricted cash, and \$5.6 million of capacity under our revolving credit facility. Our net assets totaled \$166.4 million.

### Subsequent Events

Subsequent to quarter end, there were no significant investments and sales/repayments.

### CM Finance Inc and subsidiaries

#### Consolidated Statement of Assets and Liabilities

	December 31, 2015 (unaudited)	June 30, 2015
<b>Assets</b>		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$325,256,635 and \$336,092,639 respectively)	\$ 292,773,149	\$ 330,323,856
Derivatives, at fair value (cost \$0 and \$0, respectively)	12,081,994	1,845,768
Cash	16,419,289	21,535,492
Cash, restricted	9,678,911	3,433,704
Interest receivable	2,554,627	2,900,804
Deferred offering costs	186,513	186,513
Prepaid expenses and other assets	54,035	232,704
<b>Total Assets</b>	<b>\$ 333,748,518</b>	<b>\$ 360,458,841</b>
<b>Liabilities</b>		
Notes Payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	44,391,680	48,847,459
Deferred debt issuance costs	(2,238,881)	(2,331,035)
Notes Payable, net	144,152,799	148,516,424
Payable for investments purchased	112,523	2,988,655
Distributions payable	4,742,575	4,741,174
Derivatives, at fair value (cost \$0 and \$0, respectively)	12,081,994	1,845,768

Base management fees payable	2,897,155	1,420,978
Income-based incentive fees payable	1,503,698	1,723,260
Deferred financing costs payable	879,042	1,525,000
Interest payable	186,364	168,658
Accrued expenses and other liabilities	787,205	578,075
<b>Total Liabilities</b>	<u>167,343,355</u>	<u>163,507,992</u>
Net Assets		
Common Stock, par value \$0.001 per share (100,000,000 shares authorized, 13,671,302 and 13,667,267 shares issued and outstanding)	13,671	13,667
Additional paid-in capital	199,463,837	199,418,478
Accumulated net realized gain	(364,336)	3,700,400
Accumulated distributions in excess of net investment income	(224,523)	(412,913)
Net unrealized appreciation on investments	(32,483,486)	(5,768,783)
<b>Total Net Assets</b>	<u>166,405,163</u>	<u>196,950,849</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 333,748,518</u>	<u>\$ 360,458,841</u>
<b>Net Asset Value Per Share</b>	<b>\$ 12.17</b>	<b>\$ 14.41</b>

**CM Finance Inc and subsidiaries**  
**Consolidated Statement of Operations**  
**(Unaudited)**

	For the three months ended December 31,		For the six months ended December 31,	
	2015	2014	2015	2014
<b>Investment Income:</b>				
Income:				
Interest income	\$ 8,707,519	\$ 8,888,600	\$ 18,303,132	\$ 15,820,606
Payment in-kind interest income	721,364	162,832	960,603	723,852
Other fee income	529,819	155,919	563,561	523,762
<b>Total investment income</b>	<u>9,958,702</u>	<u>9,207,351</u>	<u>19,827,296</u>	<u>17,068,220</u>
<b>Expenses:</b>				
Interest expense	1,007,104	895,438	1,992,092	1,614,314
Amortization of deferred debt issuance costs	364,195	340,590	712,654	513,482
Base management fees	1,444,998	1,270,688	2,897,155	2,378,141
Income-based incentive fees	-	1,160,012	1,229,032	2,129,470
Capital gains incentive fees	-	764,821	222,682	902,870
Custodian and administrator fees	136,038	81,467	211,500	170,157
Directors' fees	96,750	96,750	464,768	211,500
Professional fees	172,434	397,008	438,131	607,231
Allocation of administrative costs from advisor	161,180	153,418	188,646	344,838
Insurance expense	102,443	110,747	287,031	221,493
Other expenses	158,475	60,777	-	207,467
<b>Total expenses</b>	<u>3,643,617</u>	<u>5,331,716</u>	<u>8,643,691</u>	<u>9,300,963</u>
Waiver of income-based incentive fees	-	-	-	(582,829)
Waiver of capital gains incentive fees	-	(736,865)	-	(874,914)
<b>Net expenses</b>	<u>3,643,617</u>	<u>4,594,851</u>	<u>8,643,691</u>	<u>7,843,220</u>
<b>Net investment income</b>	<u>\$ 6,315,085</u>	<u>\$ 4,612,500</u>	<u>\$ 11,183,605</u>	<u>\$ 9,225,000</u>
<b>Net realized and unrealized losses on investment transactions:</b>				
Net realized gains (losses) on investments	106,604	1,044,073	301,924	920,475
Net change in unrealized (depreciation) /	(21,819,026)	2,427,371	(26,714,703)	2,531,909

appreciation on investments				
Net realized and unrealized losses	(21,712,422)	3,471,444	(26,412,779)	3,452,384
<b>Net increase in net assets resulting from operations</b>	<b>(\$ 15,397,337)</b>	<b>\$ 8,083,944</b>	<b>(\$ 15,229,174)</b>	<b>\$ 12,677,384</b>
Basic and diluted:				
Net investment income per share	\$ 0.46	\$ 0.34	\$ 0.82	\$ 0.68
Earnings per share	\$ (1.13)	\$ 0.59	\$ (1.11)	\$ 0.93
Weighted Average Shares of Common Stock Outstanding	13,671,273	13,666,666	13,669,733	13,666,666

## 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 \$15 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](http://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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