

CM Finance

CM Finance Inc reports results for its fiscal third quarter ended March 31, 2016

NEW YORK, May 09, 2016 (GLOBE NEWSWIRE) -- CM Finance Inc (Nasdaq:CMFN) ("CMFN" or "the Company") today announced financial results for its fiscal third quarter ended March 31, 2016.

HIGHLIGHTS

- | **Decline in NAV per share to \$11.96 from \$12.17 per share at December 31, 2015**
- | **Investment portfolio declined by \$16.3 million, or 5.6%, from last quarter, to \$276.5 million at fair value**
- | **Weighted average yield of debt portfolio, at cost, of 9.73% compared to 10.31% at December 31, 2015**
- | **Declared a regular quarterly distribution of \$0.3516 per share for the quarter ending June 30, 2016, payable on July 7, 2016, to shareholders of record as of June 17, 2016.**

Portfolio results, as of March 31, 2016:

Total Assets	\$320.4 mm
Investment portfolio, at fair value	\$276.5 mm
Net Assets	\$163.6 mm
Weighted Average yield on debt investments, at cost	9.73%
Net Asset Value per share	\$ 11.96

Portfolio activity in the current quarter:

Number of new investments	-
Total capital invested	\$ -
Proceeds from repayments, sales, and amortization	\$14.3 mm
Number of portfolio companies, end of period	21

Net investment income	\$4.3 mm
Net investment income per share	\$ 0.31
Net increase in net assets from operations	\$1.9 mm
Net increase in net assets from operations per share	\$ 0.14
Distribution declared per share (paid April 7, 2016)	\$ 0.3516

Mr. Michael C. Mauer, the Company's Chief Executive Officer, said, "While volatility in the leveraged finance markets continued throughout the quarter, we remain confident in the quality of our underwriting and the resilience of our portfolio investments. We are patient investors with a long-term focus. We will continue to be extremely selective as we pursue new originations in the middle market."

On April 28, 2016, the Company's Board of Directors declared a distribution for the quarter ended June 30, 2016 of \$0.3516 per share payable on July 7, 2016 to shareholders of record as of June 17, 2016.

The Company reported net investment income of \$4.3 million, or \$0.31 per share, and net realized and unrealized losses of \$2.4 million, or \$0.17 per share, for the quarter. The total net increase in net assets resulting from operations for the quarter was \$1.9 million, or \$0.14 per share. At March 31, 2016, the Company's net asset value (NAV) per share was \$11.96.

Portfolio and Investment Activities

During the quarter, we realized \$14.3 million of repayments, sales proceeds and amortization. The decrease in our net investments after taking into account realized and unrealized gains was approximately \$2.4 million (at fair value).

At March 31, 2016, our investment portfolio of \$276.5 million (at fair value) consisted of investments in 21 portfolio companies, of which 51.4% were first lien investments and 48.6% were second lien investments. At March 31, 2016, our average portfolio company investment at fair value was \$13.2 million. At March 31, 2016, we had two loans, or 6.1% of our portfolio, at fair value, on non-accrual status.

As of March 31, 2016 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 9.73% and 10.91%, respectively.

Capital Resources

As of March 31, 2016, we had \$14.4 million in cash, \$17.7 million in restricted cash, and \$10.5 million of capacity under our revolving credit facility. Our net assets totaled \$163.6 million.

Subsequent Events

Subsequent to quarter end, the Company invested \$4.5 million in new and existing portfolio companies and received repayment or sales proceeds of \$17.0 million.

CM Finance Inc and subsidiaries Consolidated Statement of Assets and Liabilities

	March 31, 2016 (unaudited)	June 30, 2015
Assets		
Non-controlled, non-affiliated investments, at fair value (amortized cost of \$311,352,645 and \$336,092,639 respectively)	\$ 276,513,394	\$ 330,323,856
Derivatives, at fair value (cost \$0 and \$0, respectively)	8,746,779	1,845,768
Cash	14,454,954	21,535,492
Cash, restricted	17,745,109	3,433,704
Interest receivable	2,417,221	2,900,804
Deferred offering costs	186,513	186,513
Prepaid expenses and other assets	294,090	232,704
Total Assets	\$ 320,358,060	\$ 360,458,841
Liabilities		
Notes Payable:		
Term loan	\$ 102,000,000	\$ 102,000,000
Revolving credit facility	39,523,329	48,847,459
Deferred debt issuance costs	(1,874,686)	(2,331,035)
Notes Payable, net	139,648,643	148,516,424
Payable for investments purchased	-	2,988,655
Distributions payable	4,809,368	4,741,174
Derivatives, at fair value (cost \$0 and \$0, respectively)	8,746,779	1,845,768
Base management fees payable	1,356,609	1,420,978
Income-based incentive fees payable	401,807	1,723,260
Deferred financing costs payable	879,042	1,525,000
Interest payable	193,159	168,658

Accrued expenses and other liabilities	761,479	578,075
Total Liabilities	<u>156,796,886</u>	<u>163,507,992</u>
Net Assets		
Common Stock, par value \$0.001 per share (100,000,000 shares authorized, 13,678,521 and 13,667,267 shares issued and outstanding)	13,679	13,667
Additional paid-in capital	199,534,189	199,418,478
Accumulated net realized gain	(382,985)	3,700,400
Accumulated distributions in excess of net investment income	(764,458)	(412,913)
Net unrealized appreciation on investments	<u>(34,839,251)</u>	<u>(5,768,783)</u>
Total Net Assets	<u>163,561,174</u>	<u>196,950,849</u>
Total Liabilities and Net Assets	<u>\$ 320,358,060</u>	<u>\$ 360,458,841</u>
Net Asset Value Per Share	\$ 11.96	\$ 14.41

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

	<u>For the three months ended March 31,</u>		<u>For the nine months ended March 31,</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Investment Income:				
Income:				
Interest income	\$ 7,886,588	\$ 8,085,918	\$ 26,189,720	\$ 23,906,524
Payment in-kind interest income	-	179,010	960,603	902,862
Other fee income	51,255	64,112	614,816	587,874
Total investment income	<u>7,937,843</u>	<u>8,329,040</u>	<u>27,765,139</u>	<u>25,397,260</u>
Expenses:				
Interest expense	1,043,815	923,814	3,035,907	2,538,128
Amortization of deferred debt issuance costs	364,195	340,590	1,076,849	854,072
Base management fees	1,356,609	1,369,920	4,253,764	3,748,061
Income-based incentive fees	-	1,018,817	1,229,032	3,148,287
Capital gains incentive fees	-	(902,870)	-	0
Custodian and administrator fees	108,058	46,412	330,740	216,569
Directors' fees	116,750	106,750	328,250	318,250
Professional fees	218,265	226,985	683,033	834,216
Allocation of administrative costs from advisor	287,715	37,154	725,846	381,992
Insurance expense	86,765	90,126	275,411	311,619
Other expenses	86,238	47,258	373,269	254,725
Total expenses	<u>3,668,410</u>	<u>3,304,956</u>	<u>12,312,101</u>	<u>12,605,919</u>
Waiver of income-based incentive fees	-	(591,826)	-	(1,174,655)
Waiver of capital gains incentive fees	-	874,914	-	-
Net expenses	<u>3,668,410</u>	<u>3,588,044</u>	<u>12,312,101</u>	<u>11,431,264</u>
Net investment income	<u>\$ 4,269,433</u>	<u>\$ 4,740,996</u>	<u>\$ 15,453,038</u>	<u>\$ 13,965,996</u>
Net realized and unrealized losses on investment transactions:				
Net realized gains (losses) on investments	(18,649)	(2,233,904)	283,275	(1,313,429)
Net change in unrealized (depreciation) / appreciation on investments	(2,355,765)	(4,417,224)	(29,070,468)	(1,885,315)
Net realized and unrealized losses	<u>(2,374,414)</u>	<u>(6,651,128)</u>	<u>(28,787,193)</u>	<u>(3,198,744)</u>
Net increase in net assets resulting from operations	<u>\$ 1,895,019</u>	<u>(\$ 1,910,132)</u>	<u>(\$ 13,334,155)</u>	<u>\$ 10,767,252</u>

Basic and diluted:								
Net investment income per share	\$	0.31	\$	0.35	\$	1.13	\$	1.02
Earnings per share		0.14	(\$	0.14)		(0.98)	\$	0.79
Weighted Average Shares of Common Stock Outstanding		13,677,532		13,666,666		13,672,431		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.

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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