



March 5, 2015

## StoneCastle Financial Corp. Reports Fourth Quarter 2014 Results and Declares First Quarter Distribution

NEW YORK, March 5, 2015 (GLOBE NEWSWIRE) -- StoneCastle Financial Corp. (Nasdaq: BANX) ("StoneCastle Financial" or the "Company"), an investment company registered with the Securities and Exchange Commission ("SEC"), today announced results for the fourth fiscal quarter ended December 31, 2014.

### Fourth Quarter 2014 Investment Highlights:

- Invested \$67.8 million in debt, preferred stock and equity in 14 investments
- A total of \$22.5 million drawn and invested from revolving credit facility
- Received repayment of \$18.0 million from 9 investments.

### Highlighted investment activity in the fourth quarter 2014 included:

- \$13.25 million in Citizens Bancshares Co, 8.75% Senior Term Loan
- \$8.0 million in Amboy Capital Trust I, 9.00% Trust Preferred Security
- \$3.5 million in MidWest Community Financial Corp., 8.80% Subordinated Debenture
- \$2.5 million in SB Financial Corp, 6.5% Non-Cumulative Redeemable Convertible Perpetual Preferred Share, Series B

A complete listing of investments as of the end of the quarter can be found in the Company's annual report.

At December 31, 2014, the estimated current yield generated by the Invested Portfolio (excluding cash and cash equivalents), which represented 96% of Total Assets, was approximately 8.11%

"The average time from an initial meeting with a prospective issuer to deal closing has been longer than expected," stated Joshua Siegel, StoneCastle Financial's Chairman & CEO, "and the slower pace of deployment negatively impacted this quarter's results. However, we continue to see a sizable market opportunity and are focused on the long term prospects for the business."

### Fourth Quarter 2014 Financial Results

Net investment income was \$1,263,951, or \$0.23 per share, comprised of \$2,954,151 in gross income and \$1,690,200 of expenses. Realized losses were (\$237,395) and the change in unrealized appreciation of the portfolio investments totaled \$1,118,716. This equates to a net realized and unrealized gain on investments of \$0.10 per share. The Company incurred offering costs of (\$0.05) from the follow-on offering concluded in the fourth quarter.

The Company paid a quarterly cash distribution of \$0.50 per share on January 2, 2015 to shareholders of record at the close of business on December 12, 2014.

For the quarter ended December 31, 2014, the Company's net increase in net assets resulting from operations was \$2,145,272.

At December 31, 2014, the Company had Net Assets of \$142.1 million, and the Company's Net Asset Value was \$21.86 per share. The Company had drawn and invested \$22.5 million on its total \$70 million credit facility (which increased from \$45 million to \$70 million in January 2015) and represents approximately 12.0% of total assets. According to the current regulated investment company rules, the Company may borrow up to 33.3% of its total assets.

### Portfolio and Investment Summary

As of the close of business on December 31, 2014, the Company had total assets of \$183.0 million, consisting of investments with a fair value of \$176.5 million ("Invested Portfolio"), cash and money market fund investments of \$4.5 million, and other assets of \$2.0 million. "Total Assets" includes long term investments at market value, cash, interest and dividends receivable, other assets and any proceeds from borrowings used to make a portfolio investment.

During the quarter ended December 31, 2014, the Company invested \$67.8 million in debt, preferred stock and equity. The Company received repayment from calls on 9 investments totaling \$18.0 million.

### First Quarter Distribution

As of today's date, the Company declared a cash distribution of \$.50 per share payable on March 30, 2015 to stockholders of record on March 20, 2015.

### Quarterly Conference Call

StoneCastle Financial will host a webcast and conference call March 5, 2015 at 5:00 pm Eastern time.

The conference call can be accessed by dialing 1-877-407-9039 for domestic callers or 1-201-689-8470 for international callers. Participants may also access the call via live webcast by visiting StoneCastle Financial's investor relations website at [www.stonecastle-financial.com](http://www.stonecastle-financial.com). To listen to a live broadcast, go to the website at least 15 minutes prior to the scheduled start time in order to register, download and install any necessary audio software. A replay will be available shortly after the call and be available through midnight (Eastern Time) on March 19, 2015. The replay can be accessed by dialing 1-877-870-5176 for domestic callers or 1-858-384-5517 for international callers. The passcode for the replay is 13596897. The archive of the webcast will be available on the Company's website for a limited time.

### About StoneCastle Financial Corp.

StoneCastle Financial is an SEC registered non-diversified, closed-end management investment company listed on the NASDAQ Global Select Market under the symbol "BANX." StoneCastle Financial intends to make long-term, passive, non-control investments in community banks seeking capital for organic growth, acquisitions, share repurchases and other refinancing activities. Its investment objective is to provide current income and, to a lesser extent, capital appreciation. StoneCastle Financial is managed by StoneCastle Asset Management LLC.

### Disclaimer and Risk Factors:

There is no assurance that StoneCastle Financial will achieve its investment objective. StoneCastle Financial is subject to numerous risks, including investment and market risks, management risk, income and interest rate risks, banking industry risks, preferred stock risk, convertible securities risk, debt securities risk, liquidity risk, valuation risk, leverage risk, non-diversification risk, credit and counterparty risks, market discount from net asset value risk and market disruption risk. Shares of closed-end investment companies may trade above (a premium) or below (a discount) their net asset value. Shares of StoneCastle Financial may not be appropriate for all investors. Investors should review and consider carefully StoneCastle Financial's investment objective, risks, charges and expenses. Past performance does not guarantee future results. Learn more at [www.stonecastle-financial.com](http://www.stonecastle-financial.com).

The Annual Report, Semi-Annual Report and other regulatory filings of the Company with the SEC are accessible on the SEC's website at [www.sec.gov](http://www.sec.gov) and on the Company's website at [www.stonecastle-financial.com](http://www.stonecastle-financial.com), and may discuss these or other factors that affect the Company.

**STONECASTLE FINANCIAL CORP.**  
**Statement of Assets and Liabilities**

	<u>December 31, 2014</u>	<u>September 30, 2014</u>
<b>ASSETS</b>		
Long-Term investments, at fair value	\$ 170,247,971	\$ 131,389,580
Cash and cash equivalents	10,714,128	9,739,710
Interest and dividends receivable	1,350,047	703,370
Prepaid Assets	714,507	686,986
<b>Total assets</b>	<b><u>183,026,653</u></b>	<b><u>142,519,646</u></b>
<b>LIABILITIES</b>		
Loan Payable	22,500,000	38,000,000
Payable for securities purchased	13,923,525	--

Dividends payable	3,250,518	--
Investment advisory fee payable	589,632	538,841
Offering expenses payable	58,047	--
Loan interest payable	52,090	67,692
Accrued expenses	521,056	160,243
<b>Total liabilities</b>	<b>40,894,868</b>	<b>38,766,776</b>
<b>NET ASSETS</b>	<b>\$ 142,131,785</b>	<b>\$ 103,752,870</b>

**NET ASSETS CONSIST OF:**

Common stock, at par (\$0.001 per share)	6,501	4,699
Paid-in-capital	145,565,472 *	110,562,196 *
Distributions in excess of net investment income	(3,250,518)	(5,505,639)
Net unrealized depreciation on investments	(189,670)	(1,308,386)
<b>Total Net Assets</b>	<b>\$ 142,131,785</b>	<b>\$ 103,752,870</b>

\*Includes accumulated net realized gain on investments

<b>COMMON STOCK SHARES OUTSTANDING:</b>	<b>6,501,035</b>	<b>4,699,035</b>
<b>Net asset value per common share</b>	<b>\$ 21.86</b>	<b>\$ 22.08</b>
<b>Market price per share</b>	<b>\$ 19.47</b>	<b>\$ 25.15</b>
<b>Market price (discount) / premium to net asset value per share</b>	<b>-10.93%</b>	<b>13.91%</b>

**STONECASTLE FINANCIAL CORP.**

**Statement of Operations**

	<u>For The Year Ended December 31, 2014</u>	<u>For the Three Months Ended December 31, 2014</u>
<b>INVESTMENT INCOME</b>		
Dividends	\$ 5,604,991	\$ 2,041,679
Interest	2,631,820	844,303
Origination fee income	300,355	355
Other income	92,637	67,814
<b>Total Investment Income</b>	<b>8,629,803</b>	<b>2,954,151</b>
<b>EXPENSES</b>		
Investment advisory fees	1,883,324	589,632
Interest expense	489,173	221,358
Professional fees	296,616	150,673
ABA marketing and licensing fees	500,000	126,027
Tax expense	240,609	116,165
Due diligence expense	92,636	92,636
Transfer agent, custodian fees and administrator fees	253,049	71,297
Directors' fees	178,300	46,876
Miscellaneous fees	577,345	275,536
<b>Total expenses</b>	<b>4,511,052</b>	<b>1,690,200</b>
<b>NET INVESTMENT INCOME</b>	<b>4,118,751</b>	<b>1,263,951</b>

**NET REALIZED AND UNREALIZED GAIN ON INVESTMENTS**

Net realized gain / (loss) on investments	231,818	(237,395)
Net change in unrealized appreciation /(depreciation) on investments	<u>183,030</u>	<u>1,118,716</u>
Net realized and unrealized gain on investments	<u>414,848</u>	<u>881,321</u>
<b>NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS</b>	<b><u>\$ 4,533,599</u></b>	<b><u>\$ 2,145,272</u></b>

**STONECASTLE FINANCIAL CORP.****Financial Highlights**

	<u>For the Three Months Ended December 31, 2014</u>	
<b>PER SHARE OPERATING PERFORMANCE:</b>		
<b>Net Asset Value, beginning of period</b>		<b>\$ 22.08</b>
<b>Income (Loss) From Operations</b>		
Net investment income *		0.23
Net realized and unrealized gain (loss) *		0.10 **
Offering costs*		<u>(0.05)</u>
Total Income from operations		<u>0.28</u>
<b>Less Distributions</b>		
Total distributions to shareholders		<u>(0.50) +</u>
<b>Net Asset Value, end of period</b>		<b><u>\$21.86</u></b>
<b>Net Assets, end of period</b>		<b><u>\$ 142,131,785</u></b>
<b>Market value, end of period</b>		<u>\$19.47</u>
<b>Total investment return based on market value <sup>(1)</sup></b>		<u>-20.58%</u>
<b>RATIOS TO AVERAGE NET ASSETS AVAILABLE TO COMMON STOCK SHAREHOLDERS: <sup>(2)</sup></b>		
Ratio of operating expenses		<u>5.45%</u>
Ratio of net investment income		<u>1.03%</u>
<b>SUPPLEMENTAL DATA:</b>		
Portfolio turnover rate <sup>(3)</sup>		<u>36%</u>

(1) Based on share market price and reinvestment of distributions at the price obtained under the dividend investment plan. Total return does

not include sales load and offering expenses.

(2) Annualized

(3) Not annualized

\* Based on the average shares outstanding during quarter.

\*\* Includes \$0.08 per share differential related to actual distribution paid versus average distribution paid, in accordance with the SEC Form N-2 instructions for calculating the financial highlights.

+ Actual distribution declared per share. Based on average shares, this would have been \$0.58 per share.

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