

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 OR 15(d) of  
The Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **May 3, 2018**

**StoneCastle Financial Corp.**

(Exact Name of Registrant as Specified in Charter)

**Delaware**

(State or other jurisdiction  
of incorporation)

**333-189307**

(Commission  
File Number)

**90-0934878**

(IRS Employer  
Identification No.)

**152 West 57<sup>th</sup> Street, 35<sup>th</sup> floor, New York, NY**  
(Address of principal executive offices)

**10019**  
(Zip Code)

Registrant's telephone number, including area code (212) 354-6500

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR §240.12b-2).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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**Item 2.02 Results of Operations and Financial Condition.**

On **May 3, 2018** the registrant issued a press release announcing its financial results for the first quarter ended March 31, 2018. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

The information disclosed under this item 2.02 is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

| <u>Exhibit Number</u> | <u>Description</u>                               |
|-----------------------|--|
| 99.1                  | <a href="#">Press Release, dated May 3, 2018</a> |

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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**STONECASTLE FINANCIAL CORP.**

Date: **May 3, 2018**

By: /s/ Patrick J. Farrell  
Name: Patrick J. Farrell  
Title: Chief Financial Officer

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Exhibit Index

Exhibit Number

Description

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99.1

Press Release, Dated **May 3, 2018**

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## StoneCastle Financial Corp. Reports First Quarter 2018 Results

NEW YORK, May 3, 2018 – 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 first fiscal quarter ended March 31, 2018.

### First Quarter 2018 Investment Highlights:

- Invested \$58.2 million in seven investments
- Received sales proceeds of \$43.0 million from nine investments
- Received \$34,207 in pay downs from six investments

### Investment Activity in the First Quarter 2018 Included:

- Invested \$2.0 million TriState Capital Holdings, Preferred Stock, 6.75%
- Invested \$7.0 million American Capital Bancorp, Term Loan, 9.00%
- Invested \$17.0 million in Preferred Shares of Community Funding 2018, LLC
- Invested \$20.1 million in iShares U.S. Preferred Stock ETF

A complete listing of investments as of the end of the quarter can be found on the Company’s website at [www.StoneCastle-Financial.com](http://www.StoneCastle-Financial.com).

The estimated annualized yield generated by the invested portfolio as of March 31, 2018 (excluding cash and cash equivalents) was approximately 8.16%. Excluding the \$20.1 million investment in iShares U.S. Preferred Stock ETF, the estimated annualized yield was 9.17%.

### First Quarter 2018 Financial Results

Net investment income was \$2,709,282 or \$0.41 per share, comprised of \$4,233,544 in gross income and \$1,524,262 of expenses. Realized capital losses were (\$1,432,027), substantially all of which related to the contribution of certain assets to Community Funding 2018, LLC.

Net Assets at quarter end were \$141,291,440, up \$241,942 from the prior quarter. The Company’s Net Asset Value was \$21.58 per share, up \$0.02 from the prior quarter.

In the first quarter, the Company paid a cash distribution of \$0.38 per share. The distribution was paid on March 27, 2018 to shareholders of record at the close of business on March 20, 2018.

The Company had \$20.0 million outstanding on its \$62.0 million credit facility at the quarter end, which represents approximately 11% of total assets. According to regulated investment company rules, the Company may borrow only up to 33.3% of its total assets.

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## Portfolio and Investment Summary

As of the close of business on March 31, 2018, the Company had total assets of \$182,596,042 consisting of total investments of \$178,801,423, cash of \$1,051,837 and other assets of \$2,742,782. Other assets include interest and dividends receivable of \$1,787,921 and prepaid assets of \$954,861.

During the quarter, the Company received sales proceeds from nine investments for a total of \$43,000,408. The Company also had six paydowns totaling \$34,207.

## Quarterly Conference Call

StoneCastle Financial will host a webcast and conference call on May 3, 2018 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 May 17, 2018. The replay can be accessed by dialing 1-844-512-2921 for domestic callers or 1-412-317-6671 for international callers. The passcode for the replay is 13678630. 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 at a 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.

CONTACT: Investor Contact:

Julie Muraco

347-887-0324

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**STONECASTLE FINANCIAL CORP.**  
**Statement of Assets and Liabilities (unaudited)**

|   | <u>March 31, 2018</u> | <u>December 31, 2017</u> |
|---|-----------------------|--------------------------|
| <b>Assets</b>   |                       |                          |
| Investments in securities, at fair value (cost: \$180,099,433 and \$169,571,744 respectively) | \$ 178,801,423        | \$ 166,911,546           |
| Cash  | 1,051,837             | 30,142                   |
| Interest and dividends receivable   | 1,787,921             | 2,435,308                |
| Prepaid assets  | 954,861               | 1,053,360                |
| <b>Total assets</b>   | <b>182,596,042</b>    | <b>170,430,356</b>       |
| <b>Liabilities</b>  |                       |                          |
| Payable for securities purchased  | 20,064,987            | -                        |
| Loan payable  | 20,000,000            | 25,750,000               |
| Dividend payable  | -                     | 2,486,070                |
| Investment advisory fee payable <sup>(1)</sup>  | 701,873               | 751,761                  |
| Loan interest payable   | 123,337               | 51,901                   |
| Directors fee payable   | 12,631                | 13,326                   |
| Accrued expenses payable  | 401,774               | 327,800                  |
| <b>Total liabilities</b>  | <b>41,304,602</b>     | <b>29,380,858</b>        |
| <b>Net Assets</b>   | <b>\$ 141,291,440</b> | <b>\$ 141,049,498</b>    |
| <b>Net Assets consist of:</b>   |                       |                          |
| Common stock at par (\$0.001 per share)   | \$ 6,547              | \$ 6,542                 |
| Paid-in-capital   | 144,948,534           | 144,858,951              |
| Accumulated net investment loss   | (856,640)             | (1,078,833)              |
| Accumulated net realized loss on investments  | (1,508,991)           | (76,964)                 |
| Net unrealized depreciation on investments  | (1,298,010)           | (2,660,198)              |
| <b>Net Assets</b>   | <b>\$ 141,291,440</b> | <b>\$ 141,049,498</b>    |
| <b>Net Asset Value Per Share:</b>   |                       |                          |
| <b>Common Stock Shares Outstanding</b>  | <b>6,546,638</b>      | <b>6,542,289</b>         |
| <b>Net asset value per common share</b>   | <b>\$ 21.58</b>       | <b>\$ 21.56</b>          |
| <b>Market price per share</b>   | <b>\$ 21.75</b>       | <b>\$ 20.13</b>          |
| <b>Market price premium / (discount) to net asset value per share</b>                         | <b>0.79%</b>          | <b>-6.63%</b>            |

(1) Investment advisory fee payable shown net of waiver for March 31, 2018 of \$86,726.

**STONECASTLE FINANCIAL CORP.**  
**Statement of Operations (unaudited)**

|   | For The Three<br>Months Ended<br>March 31, 2018 | For The Three<br>Months Ended<br>December 31, 2017 |
|---|---|--|
| <b>Investment Income</b>                                    |   |  |
| Interest  | \$ 3,099,378                                    | \$ 3,359,404                                       |
| Dividends   | 553,888   | 673,888  |
| Origination fee income                                      | 488,397   | 141,681  |
| Other Income  | 91,881  | 62,500   |
| <b>Total Investment Income</b>                              | <b>4,233,544</b>                                | <b>4,237,473</b>                                   |
| <b>Expenses</b>   |   |  |
| Investment advisory fees <sup>(1)</sup>                     | 789,284   | 751,761  |
| Interest expense  | 304,188   | 323,511  |
| Professional fees   | 118,126   | 175,417  |
| Transfer agent, custodian fees and administrator fees       | 65,256  | 50,008   |
| Bank fees   | 53,886  | 55,083   |
| Directors' fees   | 50,668  | 51,794   |
| ABA marketing and licensing fees                            | 37,328  | 38,157   |
| Investor relations fees                                     | 30,526  | 27,945   |
| Printing  | 22,691  | 3,195  |
| Delaware franchise tax                                      | 22,192  | 22,685   |
| Insurance expense   | 17,753  | 4,420  |
| Valuation fees  | 16,961  | 17,337   |
| Due diligence expense                                       | 16,000  | -  |
| Miscellaneous fees  | 66,129  | 53,949   |
| <b>Total expenses before waiver</b>                         | <b>1,610,988</b>                                | <b>1,575,262</b>                                   |
| <b>Less: Advisory fee waiver <sup>(2)</sup></b>             | <b>(86,726)</b>                                 | <b>-</b>   |
| <b>Net expenses after waiver</b>                            | <b>1,524,262</b>                                | <b>1,575,262</b>                                   |
| <b>Net Investment Income</b>                                | <b>\$ 2,709,282</b>                             | <b>\$ 2,662,211</b>                                |
| <b>Realized and Unrealized Gain / (Loss) on Investments</b> |   |  |
| Net realized gain / (loss) on investments                   | \$ (1,432,027)                                  | \$ 375,098   |
| Net change in unrealized depreciation on investments        | 1,362,187                                       | (580,436)  |
| Net realized and unrealized gain / (loss) on investments    | (69,840)  | (205,338)  |
| <b>Net Increase in Net Assets Resulting From Operations</b> | <b>\$ 2,639,442</b>                             | <b>\$ 2,456,873</b>                                |

(1) Investment advisory fee reflects gross contractual fee.

(2) Investment advisory fee waiver reflects waiver of fees related to purchase of \$20.1 million iShares U.S. Preferred Stock ETF on March 28th and March 29th 2018.



**STONECASTLE FINANCIAL CORP.**  
**Financial Highlights (unaudited)**

**For The Three  
Months Ended  
March 31, 2018**

|  |                 |
|--|-----------------|
| <b>Per Share Operating Performance</b>                                   | <b>\$ 21.56</b> |
| <b>Net Asset Value, beginning of period</b>                              |                 |
| Net investment income <sup>(1)</sup>                                     | 0.41            |
| Net realized and unrealized gain / (loss) on investments <sup>(1)</sup>  | (0.01)          |
| <b>Total from investment operations</b>                                  | <b>0.40</b>     |
| <b>Less distributions to shareholders</b>                                |                 |
| From net investment income   | (0.38)          |
| <b>Total distributions</b>   | <b>(0.38)</b>   |
| <b>Net asset value, end of period</b>                                    | <b>\$ 21.58</b> |
| <b>Per share market value, end of period</b>                             | <b>\$ 21.75</b> |
| <b>Total Investment Return</b> <sup>(2)</sup>                            |                 |
| <b>Based on market value</b>   | <b>9.93%</b>    |
| <b>Based on net asset value</b>  | <b>1.84%</b>    |
| <b>Ratios and Supplemental Data</b>                                      |                 |
| <b>Net assets, end of period (in millions)</b>                           | <b>\$ 141.3</b> |
| Ratios (as a percentage to average net assets):                          |                 |
| Expenses before waivers <sup>(3)(4)*</sup>                               | 4.63%           |
| Expenses after waivers <sup>(5)*</sup>                                   | 4.38%           |
| Net investment income <sup>(6)*</sup>                                    | 7.78%           |
| Portfolio turnover rate <sup>**</sup>                                    | 26%             |
| <b>Revolving Credit Agreement</b>  |                 |
| Total revolving credit agreement outstanding (000's)                     | \$ 20,000       |
| Asset coverage per \$1,000 for revolving credit agreement <sup>(7)</sup> | 8,065           |

(1) Based on the average shares outstanding during quarter.

(2) Reflects reinvestment of distributions at the price obtained under the Dividend Reinvestment Plan. Total return does not include sales load and offering expenses and are not annualized.

(3) Excluding interest expense, the ratio would have been 3.75%.

(4) Ratio of expenses before waivers to average managed assets equals 3.70%.

(5) Ratio of expenses after waivers to average managed assets equals 3.50%.

(6) Ratio of net investment income to average managed assets equals 6.22%.

(7) Calculated by subtracting the Company's total liabilities (excluding the loan) from the Company's total assets and dividing the amount by the loan outstanding in 000's.

\* Annualized

\*\* Not-annualized