

JMP

Introduction to JMP Group LLC

May 2017

Forward-Looking Statements

This presentation, as well as any accompanying comments by JMP Group representatives, contains forward-looking statements that reflect JMP Group's current views with respect to, among other things, the company's operations and financial performance, as well as potential increases in dividends and retained earnings as a result of the proposed reorganization transaction discussed herein. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "plans," "estimates," "anticipates" or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. JMP Group believes that these factors include, but are not limited to, those described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Form 10-K for the year ended December 31, 2016, as filed with the Securities and Exchange Commission on March 14, 2017, and in the similarly captioned sections of its other periodic reports filed under the Securities Exchange Act of 1934, as amended. JMP Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

Mission Statement

To build a premium-quality, research-centric institutional investment bank and alternative asset manager focused on small- and mid-cap growth companies and their investors

Diversified and Profitable

- Capital markets firm with diversified revenue mix and scalable platforms:
 - Boutique investment bank with franchise value in consolidating industry
 - Alternative asset manager with 10 strategies across five different asset classes
- Headquartered in San Francisco and focused on four growth industries: technology, healthcare, financial services and real estate
- Capital-light business model centered on providing attractive ROE
- Publicly traded partnership provides tax-efficient structure for cash distributions to shareholders
- Well-aligned senior management and board of directors own 48% of outstanding shares, compared to 27% at time of May 2007 IPO

1Q17 Key Data

- LTM adjusted net revenues and operating EPS of \$118.8 million and \$0.28, respectively
- Quarterly cash distribution of \$0.09 per share announced for 2Q17, in line with 1Q17, for annualized distribution of \$0.36 per share
- Sponsored fund assets under management of \$3.7 billion at 1/2/17

Operating EPS by Segment ⁽¹⁾

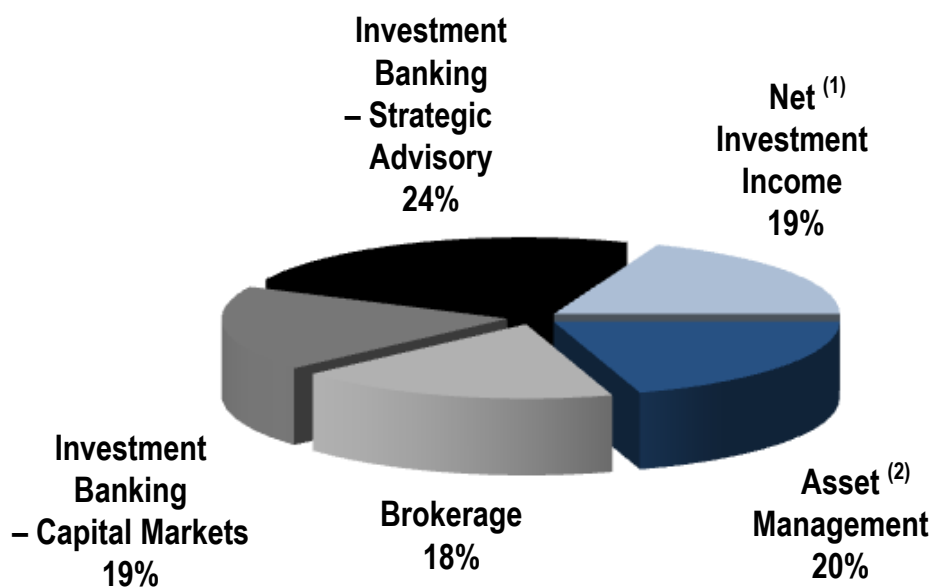
	2016		1Q17	
	EPS	ROE	EPS	ROE
JMP Securities	\$0.05	7.6%	\$0.01	4.2%
Asset Management	0.07	11.1%	0.01	4.1%
Operating Platforms	0.13	9.3%	0.02	4.2%
Net Corporate Income	0.35	7.9%	(0.11)	(10.4%)
Operating Earnings	\$0.48	8.2%	(\$0.09)	(6.6%)

⁽¹⁾ A non-GAAP financial measure. Due to rounding, per share amounts may not sum to totals presented. For more information, see the Form 8-K filed on 4/26/17.

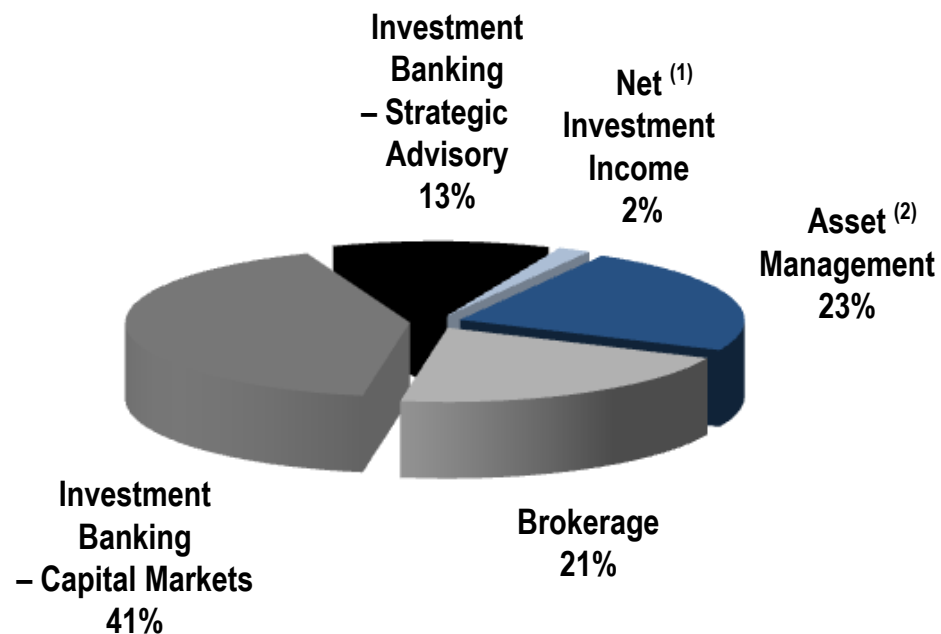
Multiple Business Lines

Composition of Adjusted Net Revenues

2016



1Q17



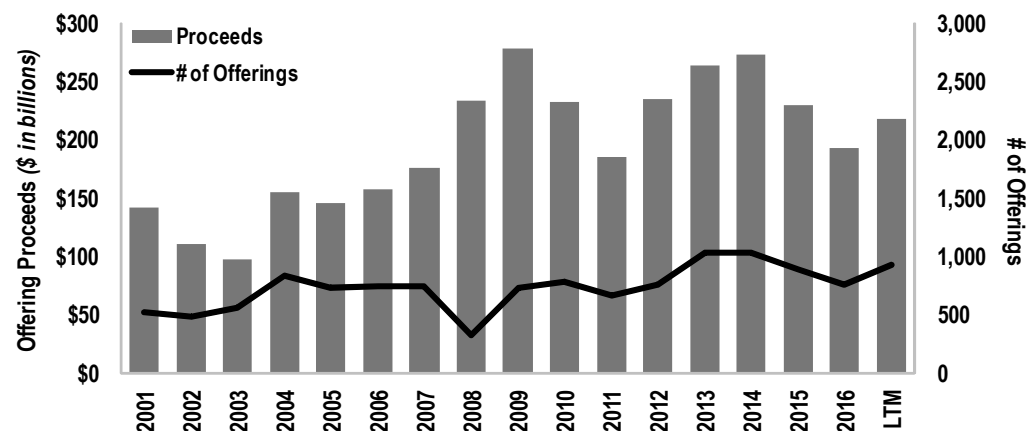
(1) Excludes net unrealized gains and losses on strategic equity investments and warrants as well as any gains and losses earned on deferred employee compensation invested. Excludes all non-controlling interests in net investment income.

(2) Includes fundraising and other asset management-related fee revenues reported as other income as well as management fees earned on HGC and HGC II. Excludes all non-controlling interests in asset management fees.

A Cyclical Environment

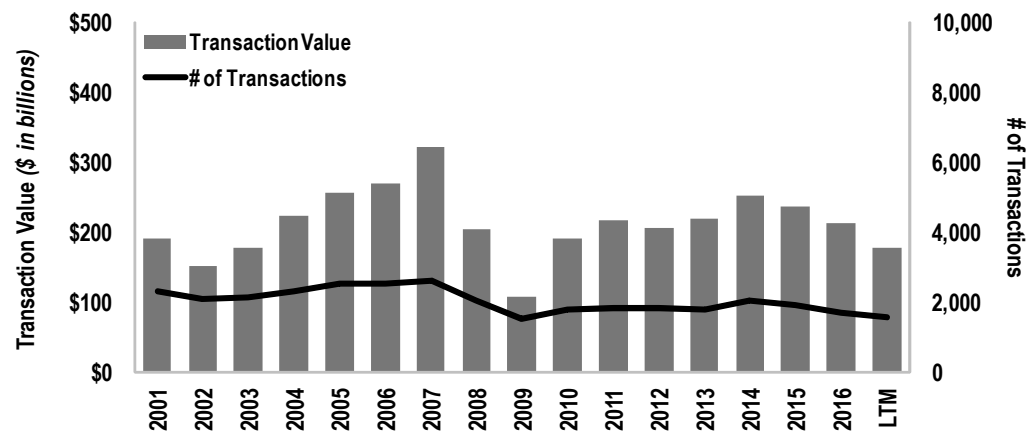
- U.S. equity capital markets activity has rebounded from recent lows
- JMP Securities has increased its ECM market share materially over the past decade and is well positioned to benefit if the environment continues to improve

U.S. Common Equity Offerings



U.S. Mergers & Acquisitions

Transactions with Total Consideration of \$1.0 Billion or Less



- Middle-market M&A volumes surged following the global financial crisis but have more recently tapered off
- JMP Securities produced record M&A revenues in 2016 due to a multi-year effort to organically grow the firm's strategic advisory business, and momentum remains strong

Four Key Focuses

- **Grow JMP Securities' strategic advisory business**
 - Increase annual M&A fee revenue to more than \$50 million by 2021
 - Add experienced, advisory-focused investment bankers
 - Gain additional visibility among corporate clients with respect to the firm's advisory capabilities

- **Continue to invest in JMP Securities' capital markets platform**
 - Protect franchise value derived from position as one of the few remaining independent research boutiques in a consolidating industry

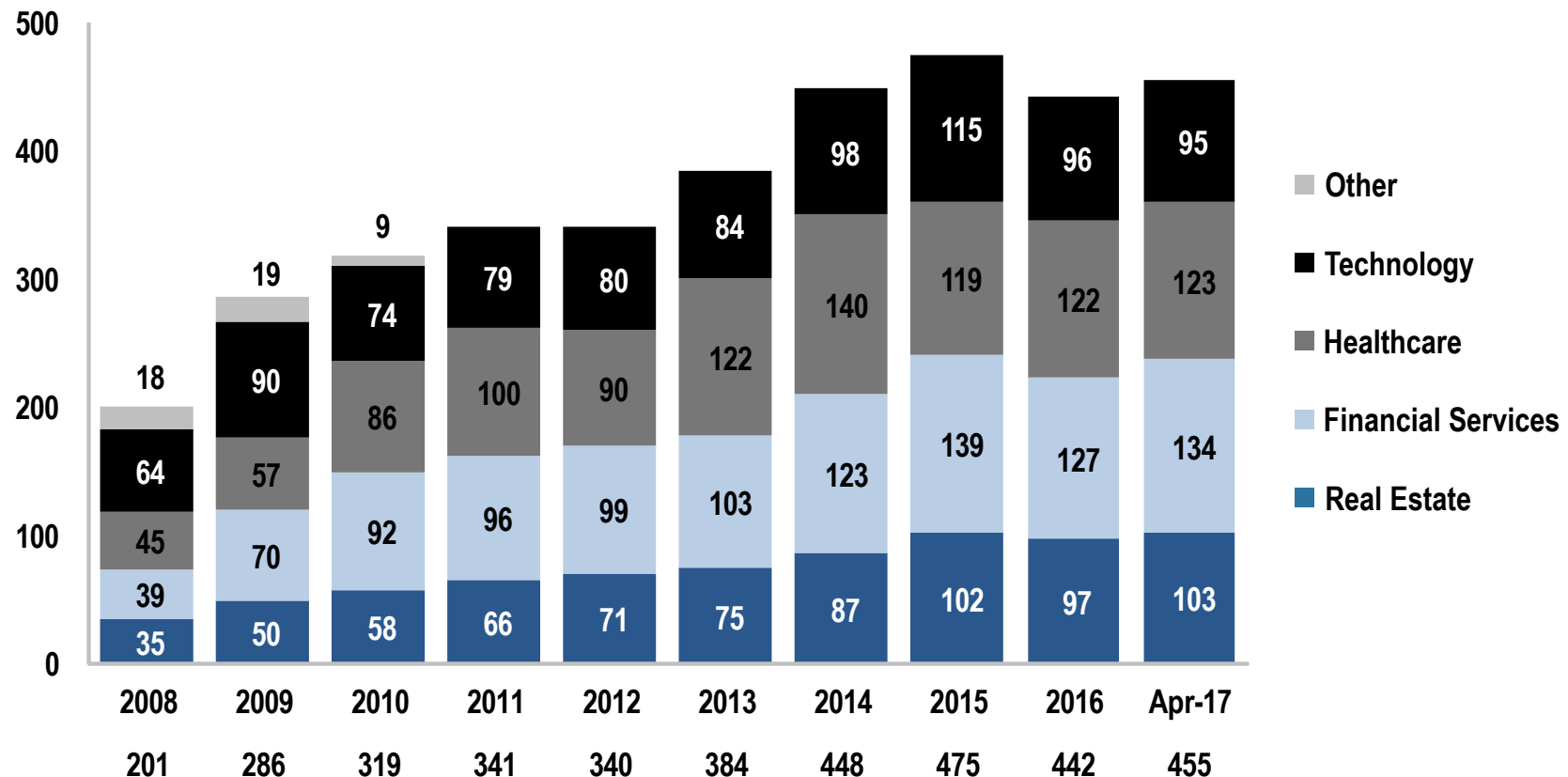
- **Expand asset management platforms**
 - Attract new capital to existing funds with additional capacity
 - Develop new private capital strategies that can leverage relationships across the company to source unique investment opportunities

- **Deploy large, investable cash balance**
 - \$2.59 per share in unrestricted cash
 - Formation of new CLOs, future fund commitments, strategic acquisitions or retirement of outstanding debt

Coverage of Four Broad Growth Sectors

- 27 publishing research analysts covering 455 stocks with a median market capitalization of \$1.7 billion
- Emphasis on increasing research coverage enhances JMP Securities' relevance to institutional brokerage customers and grows the number of relationships with potential investment banking clients
- Brokerage platform is a highly effective distribution network for underwritten securities offerings

(# of stocks under coverage)

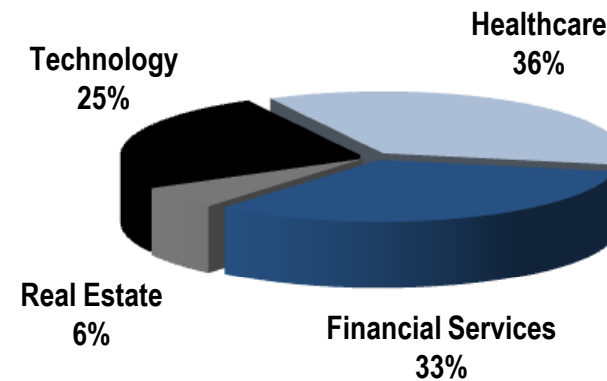
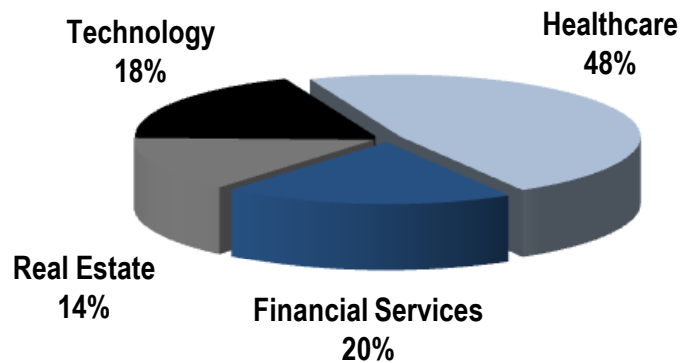


Diversification in Transaction Volume

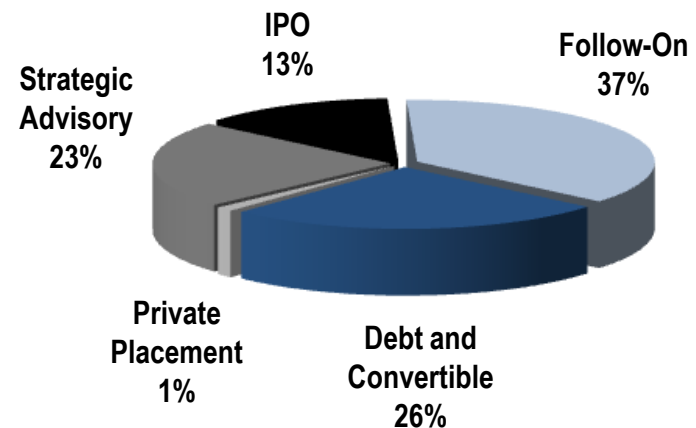
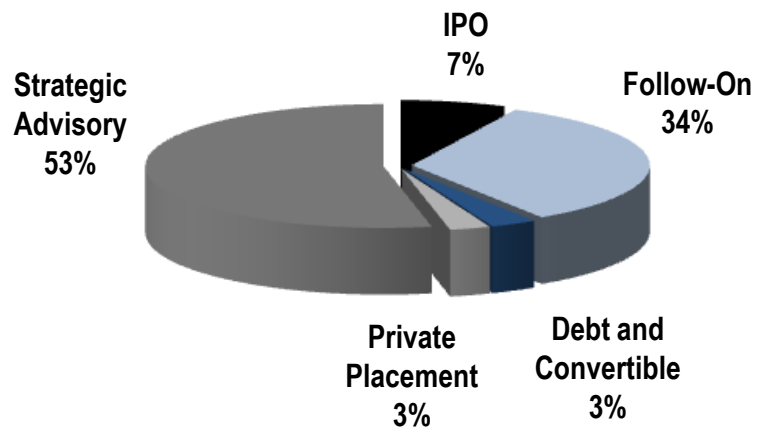
2016 Revenues

1Q17 Revenues

By Industry



By Type of Transaction



Composition of Revenues

- Aggregate investment banking and institutional brokerage revenues generated at JMP Securities shifted toward strategic advisory fees in 2016 as a result of a three-year build-out of the firm's M&A capabilities and, until recently, an unfavorable environment for U.S. equity capital markets businesses



Franchise Value in Independence

- Following a decade of consolidation among institutional broker-dealers and advisory firms, JMP Securities is among the few remaining independent, West Coast-based investment banks

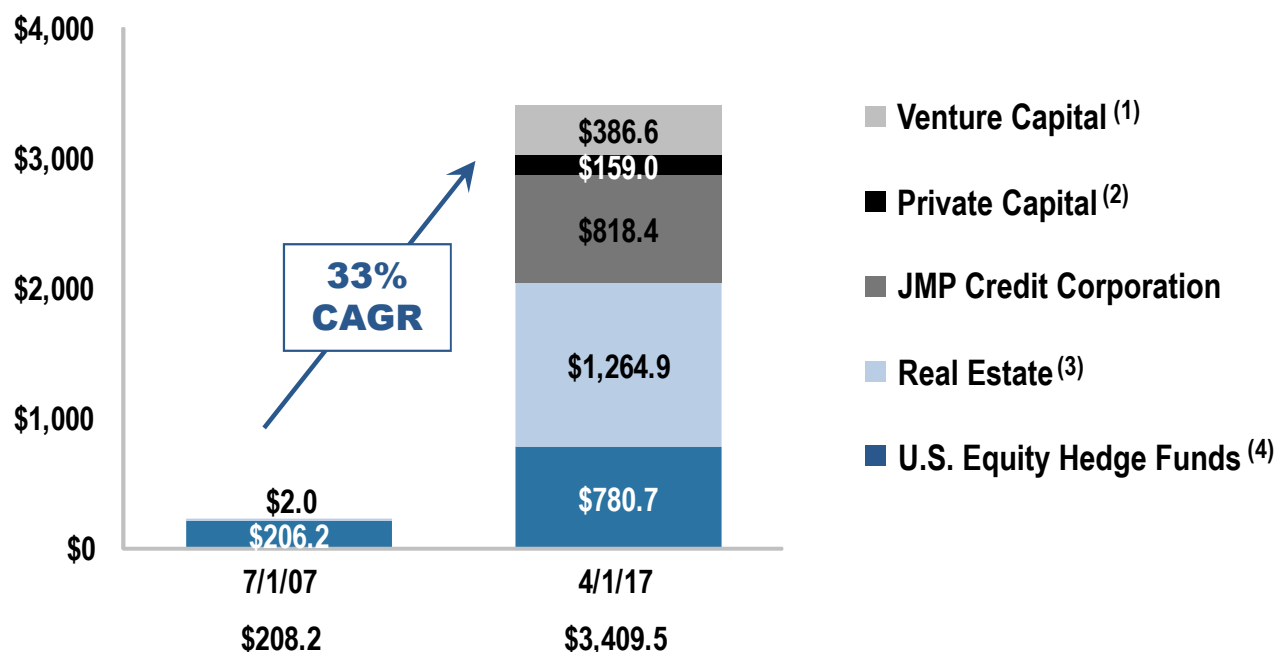
- Selected peer firms acquired or closed since JMP Group's 2007 IPO:

— CLSA Americas (Equities)	Mar. 2017	— Rodman & Renshaw	July 2012
— FBR & Co.	Feb. 2017	— Brigantine Advisors	Feb. 2012
— BB&T Capital Markets (Equities)	July 2016	— McGladrey Capital Markets	Jan. 2012
— Sterne Agee CRT	June 2016	— Morgan Keegan & Company	Jan. 2012
— Simmons & Company	Nov. 2015	— Ticonderoga Securities	Jan. 2012
— MLV & Co.	July 2015	— Citadel Securities	Aug. 2011
— Sterne Agee Group	Feb. 2015	— Soleil Securities	Mar. 2011
— Lazard Capital Markets	Sep. 2014	— Nollenberger Capital Partners	Feb. 2011
— Pacific Crest Securities	July 2014	— Howe Barnes Hoefler & Arnett	Dec. 2010
— Gleacher & Company	July 2014	— Tri-Artisan Capital Partners	Dec. 2010
— SWS Group	Apr. 2014	— CRT Capital Group	Aug. 2010
— McColl Partners	June 2013	— Uptada Advisors	Aug. 2010
— Edgeview Partners	June 2013	— Hill Street Capital	May 2010
— Dahlman Rose & Company	Feb. 2013	— Thomas Weisel Partners	Apr. 2010
— Caris & Company	Dec. 2012	— Fox-Pitt Kelton	Sep. 2009
— Milestone Advisors	Dec. 2012	— Merrill Lynch & Co.	Sep. 2008
— Jefferies Group	Nov. 2012	— Lehman Brothers	Sep. 2008
— KBW	Nov. 2012	— Bear Stearns	Mar. 2008
— ThinkEquity	Nov. 2012	— CIBC World Markets (U.S.)	Nov. 2007
— WJB Capital Group	Aug. 2012	— Putnam Lovell	June 2007
— Versant Partners	Aug. 2012	— Cochran Caronia Waller	May 2007

Alternative Investment Products

- Attractive economics of the alternative asset model provide management fees and profit participation
- Long-term strategy to develop a portfolio of distinct strategies in non-correlated asset classes
 - Economic interests in strategies in five different asset classes
 - On-platform fund strategies and “sponsored” funds both offer compelling opportunities
- Focus on adding new fund strategies and distribution channels to drive growth in AUM

(\$ in millions)



(1) Includes Harvest Growth Capital funds and Harvest Intrexon Enterprise Fund.
 (2) Represents Harvest Capital Credit Corporation (NASDAQ: HCAP) and JMP Capital I.
 (3) Represents Workspace Property Trust and JMP Realty Partners I.
 (4) Includes Blue Jay Health Sciences Fund.

Client Assets Under Management

<i>(\$ in millions)</i>		1/3/17 Client AUM	2016 ⁽¹⁾ JMP Return	4/3/17 Client AUM	1Q17 ⁽¹⁾ JMP Return
Hedge Funds	Harvest Small Cap Partners	\$515.1	14.7%	\$527.4	2.3%
	Harvest Agriculture Select	90.6	(2.8%)	88.2	0.2%
	Blue Jay Health Sciences Fund ⁽²⁾	172.7	N/A	165.2	N/A
		778.4	0.2%	780.7	0.4%
Venture Capital	Harvest Intrexon Enterprise Fund	243.7	N/A	243.7	N/A
	Harvest Growth Capital Funds (I & II)	149.3	(4.0%)	142.9	2.7%
Private Capital	Harvest Capital Credit Corporation	134.1	9.5%	138.8	2.3%
	JMP Capital I ⁽³⁾	-	N/A	20.2	N/A
CLO Assets	JMP Credit Corporation ⁽⁴⁾	1,073.0	22.0%	818.4	0.1%
Real Estate	Workspace Property Trust	1,281.9	65.3%	1,247.6	9.8%
	JMP Realty Partners I ⁽⁵⁾	15.3	(1.1%)	17.3	1.5%
Total Client AUM		\$3,675.8	20.5%⁽⁶⁾	\$3,409.5	1.3%

(1) Indicates gross return on investment by JMP Group. Does not reflect net return to investors after fees and expenses. Not annualized.

(2) Fund managed by a third party in which JMP Group has an economic interest.

(3) Initial fundraising completed in April 2017.

(4) AUM represents par value of loans and cash in CLOs. Net return calculated as change in book value from end of prior period.

(5) Initial fundraising completed in September 2016.

(6) Reflects return of 148.3% on RiverBanc, a real estate finance company in which JMP Group was a founding investor that was acquired in May 2016.

Principal Investments

Capital Deployed in Alternative Assets

(\$ in millions)	3/31/17	% of	Return on	
	Net Inv. Cap. per Share	Invested Capital	Average Equity Invested ⁽¹⁾	
			2016	1Q17
Hedge Funds	\$0.88	15%	(0.7%)	0.2%
Private Capital	0.46	8%	8.5%	2.1%
Venture Capital	0.31	5%	11.2%	0.2%
CLO Assets	3.21	56%	19.0%	(0.2%)
Real Estate	0.77	13%	50.4%	7.7%
Principal Investments	0.09	2%	180.9%	(7.3%) ⁽²⁾
Total Invested Capital	5.72	100%	17.8%	1.1%
Debt	(4.33)	(76%)	(8.1%)	(2.0%)
Total Invested Capital, Net of Debt	1.39	24%	29.8%	(1.1%)
Free Cash	2.59	45%	0.4%	0.1%
Total Available Net Invested Capital	\$3.98	70%	23.2%	(0.4%)
<i>HFRI Fund Weighted Composite Index</i>			5.5%	2.3%
<i>HFRI Fund of Funds Composite Index</i>			0.7%	2.0%

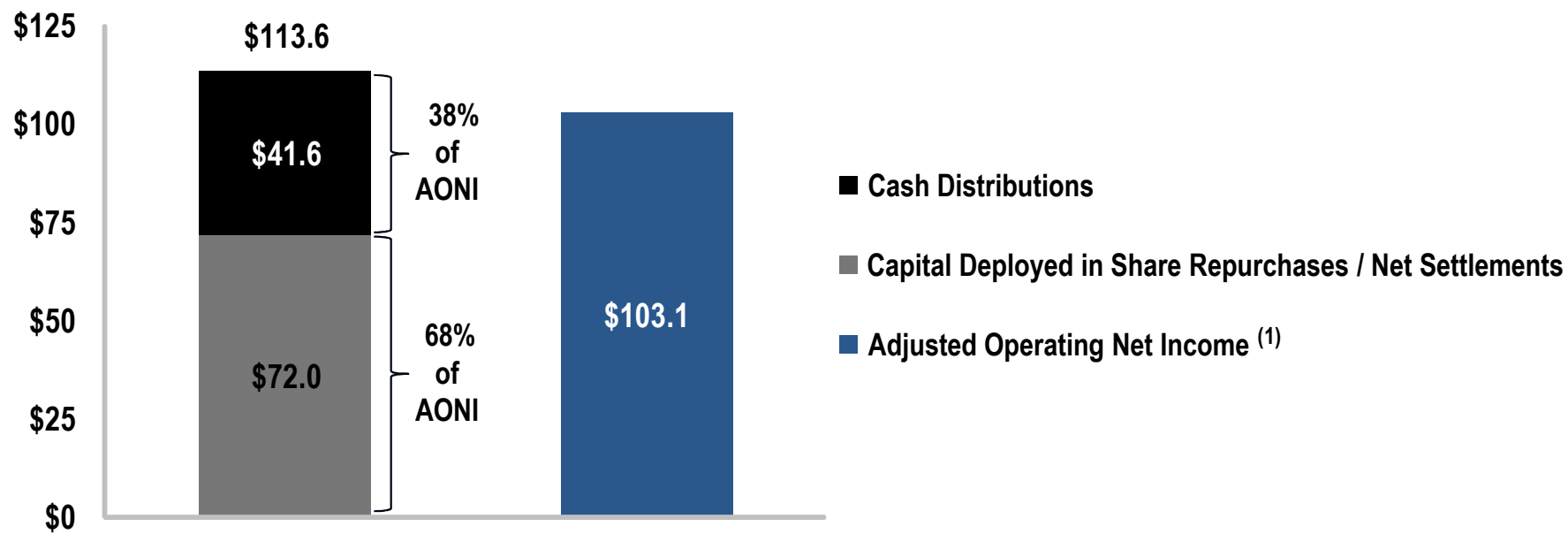
⁽¹⁾ Returns net of assumed management fees and carried interest.

⁽²⁾ Return on average cost basis over period.

Distributions to Shareholders

- Since the company's IPO in May 2007, JMP Group has returned 110% of its adjusted operating net income to stockholders in the form of cash distributions, share repurchases and net settlements of vested RSUs
- Adjusted book value per share has increased from \$5.51 at June 2007 to \$5.74 at March 2017
- As a publicly traded partnership, JMP Group intends to pay out more than 50% of operating earnings annually and to grow its book value per share by 5% to 10% per year in a normalized capital markets environment

(\$ in millions)



(1) Excludes financial impact of gains recognized by JMP Credit Corporation on the sale or payoff of loans initially acquired in April 2009.

Balance Sheet

(\$ in millions)	3/31/17
Assets	
Cash and Cash Equivalents	\$81.2
Restricted Cash and Deposits	3.8
Marketable Securities Owned, at Fair Value	20.6
Other Investments	
Interests in JMP-Managed Hedge Funds	16.5
Other Investments	13.8 ⁽¹⁾
Total Other Investments	30.3
Consolidated CLO Assets	677.3 ⁽²⁾
Cash Collateral for Total Return Swap	25.9
Deferred Tax Assets	7.9
Other Assets	34.2
Total Assets	<u>\$881.2</u>
Liabilities and Stockholders' Equity	
Bond Payable, Net of Issuance Costs	\$91.9
Consolidated CLO Liabilities	
& Non-Controlling Interest	633.6 ⁽³⁾
Accrued Compensation	5.2
Deferred Tax Liability	2.7
Other Liabilities	
& Other Non-Controlling Interest	33.6
Total Liabilities	767.0
Total Equity	114.2
Total Liabilities and Equity	<u>\$881.2</u>

- **Liquid balance sheet**
 - Net liquid assets of \$102.9 million, or \$4.75 per share ⁽⁴⁾
 - Fixed assets < 1% of total deconsolidated assets

- **Net invested capital of \$98.3 million, or \$4.54 per share, including \$0.56 per share in book value at platform companies ⁽⁵⁾**

- **Debt-to-capital ratio of 45% ⁽⁶⁾**
 - \$91.9 million of recourse debt ⁽⁶⁾

- **Tangible book value of \$5.27 per share**

- **Adjusted book value of \$5.74 per share**

⁽¹⁾ Private equity investments.

⁽²⁾ Includes \$0.6 billion of loans, \$63.4 million of restricted cash, and other assets.

⁽³⁾ Includes non-controlling interest of \$15.3 million.

⁽⁴⁾ Sum of unrestricted cash, including certain imminent receivables; marketable securities and hedge fund GP interests less short sales; accrued compensation; short-term debt and non-controlling interest.

⁽⁵⁾ Composed of net liquid assets in addition to CLO securities, bond payable and other non-marketable securities.

⁽⁶⁾ Reflects \$93.8 million face value of long-term debt issued by JMP Group in Jan. '13 and Jan. '14. Excludes \$0.6 billion of asset-backed securities and other borrowings, issued by bankruptcy-remote entities, that are non-recourse to JMP Group.

Income Statement – Operating Net Income

(\$ in millions)	2014	2015	2016	1Q16	1Q17
Revenues					
Investment Banking Fees	\$81.1	\$63.1	\$55.4	\$18.3	\$13.6
Net Brokerage Revenues	26.9	25.6	23.8	6.1	5.3
Asset Management-Related Fees ⁽¹⁾	43.5	23.3	26.2	8.9	5.9
Net Investment Income ⁽²⁾	22.3	19.9	25.7	3.3	1.9
Loan Loss Provision	1.1	0.7	(0.9)	0.0	(1.4)
Adjusted Net Revenues	174.9	132.6	130.2	36.6	25.3
Expenses					
Compensation and Benefits ⁽³⁾	120.2	91.2	93.0	27.1	20.5
General, Administrative and Other	28.2	28.6	29.0	7.3	7.4
Total Non-Interest Expenses	148.4	119.8	122.0	34.4	27.9
Oper. Inc. before Taxes	26.5	12.8	8.1	2.2	(2.6)
Income Tax Expense ⁽⁴⁾	10.1	0.6	(2.3)	0.1	(0.6)
Operating Net Income	\$16.4	\$12.3	\$10.5	\$2.2	(\$2.1)
Operating EPS	\$0.72	\$0.55	\$0.48	\$0.10	(\$0.09)

(1) Includes management fees eliminated upon consolidation of Harvest Growth Capital, Harvest Growth Capital II and Harvest Capital Credit.

(2) Excludes (i) unrealized mark-to-market gains or losses on strategic equity investments and warrant positions and on deferred employee compensation invested, (ii) unrealized losses derived from depreciation and amortization of investments in commercial real estate, (iii) loan loss provisions, (iv) non-controlling interests in net unrealized gains and losses on Harvest Growth Capital and Harvest Growth Capital II, and (v) all non-controlling interests in income and expenses.

(3) Excludes compensation expense related to stock-based awards granted both at the time of the company's IPO and thereafter but accelerates and recognizes deferred compensation.

(4) Assumes an effective tax rate of 38%. As of 1/1/15, rate of 38% applies only to taxable subsidiary of JMP Group; effective tax rate varies.

Investment Highlights

- Publicly traded partnership structure is unique among peers, allowing for an attractive dividend while funding a growth strategy

- Beneficiary of industry consolidation
 - Increasing franchise value of independent, full-service investment banking platform

- Capital-light business model
 - High return on equity at operating platforms in a normalized capital markets environment
 - Attractive risk-adjusted returns on capital invested in differentiated asset management strategies
 - Efficient return of capital to shareholders
 - Regular annual cash distribution of \$0.36 per share
 - 1.0 million shares eligible to be repurchased