JMP GROUP LLC

FORM 10-Q
(Quarterly Report)

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Address	600 MONTGOMERY STREET
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	SAN FRANCISCO, CA 94111
Telephone	4158358900
CIK	0001302350
Symbol	JMP
SIC Code	6211 - Security Brokers, Dealers, and Flotation Companies
Industry	Investment Banking & Brokerage Services
Sector	Financials
Fiscal Year	12/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2017 OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number: 001-36802

JMP Group LLC
(Exact name of registrant as specified in its charter)

Delaware	**47 -1 632931**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification No.)**

600 Montgomery Street, Suite 1100, San Francisco, California 94111
(Address of principal executive offices)

Registrant's telephone number: (415) 835-8900

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒
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 accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

JMP Group LLC shares representing limited liability company interests outstanding as of August 3, 2017: 21,537,131.

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AVAILABLE INFORMATION

JMP Group LLC is required to file current, annual and quarterly reports, proxy statements and other information required by the Securities Exchange Act of 1934, as amended (the “Exchange Act”), with the Securities and Exchange Commission (the "SEC"). You may read and copy any document JMP Group LLC files with the SEC at the SEC’s Public Reference Room located at 100 F Street, N.E., Washington, DC 20549. Information on the operation of the Public Reference Room may be obtained by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an internet website at http://www.sec.gov, from which interested persons can electronically access JMP Group LLC’s SEC filings.

JMP Group LLC provides its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements, Forms 3, 4 and 5 filed by or on behalf of directors, executive officers and certain large shareholders, and any amendments to those documents filed or furnished pursuant to the Exchange Act free of charge on the Investor Relations section of its website located at http://www.jmpg.com. These filings will become available as soon as reasonably practicable after such material is electronically filed with or furnished to the SEC. From time to time JMP Group LLC may use its website as a channel of distribution of material company information.

JMP Group LLC also makes available, in the Investor Relations section of its website and will provide print copies to shareholders upon request, (i) its corporate governance guidelines, (ii) its code of business conduct and ethics, and (iii) the charters of the audit, compensation, and corporate governance and nominating committees of its board of directors. These documents, as well as the information on the website, are not intended to be part of this quarterly report on Form 10-Q (the “Quarterly Report”) and inclusions of the internet address in this Quarterly Report. JMP Group LLC also uses the Investor Relations section of its website as a means of complying with its disclosure obligations under Regulation FD. Accordingly, you should monitor JMP Group LLC’s Investor Relations section of its website in addition to following JMP Group LLC’s press releases, SEC filings, and public conference calls and webcasts.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

JMP Group LLC
Condensed Consolidated Statements of Financial Condition
(Unaudited)
(Dollars in thousands, except per share data)

	June 30, 2017	December 31, 2016
Assets		
Cash and cash equivalents	$ 88,785	$ 85,492
Restricted cash and deposits (includes cash on deposit with clearing broker of $250 at both June 30, 2017 and December 31, 2016)	51,629	227,656
Receivable from clearing broker	5,789	6,586
Investment banking fees receivable, net of allowance for doubtful accounts of $80 and zero at June 30, 2017 and December 31, 2016, respectively	12,379	5,681
Marketable securities owned, at fair value	21,233	18,722
Incentive fee receivable	2	499
Other investments (includes $20,632 and $21,459 measured at fair value at June 30, 2017 and December 31, 2016, respectively)	29,190	32,869
Loans held for sale	-	32,488
Loans held for investment, net of allowance for loan losses of $2,440 and $443 at June 30, 2017 and December 31, 2016, respectively	7,059	1,930
Loans collateralizing asset-backed securities issued, net of allowance for loan losses of $7,662 and $6,540, respectively	757,762	654,127
Interest receivable	1,889	3,429
Cash collateral posted for total return swap	1,540	25,000
Fixed assets, net	2,629	3,143
Deferred tax assets	7,608	7,942
Other assets	12,484	20,266
Total assets	$ 999,978	$ 1,125,830
Liabilities and Equity		
Liabilities:		
Marketable securities sold, but not yet purchased, at fair value	$ 5,770	$ 4,747
Accrued compensation	18,739	36,158
Asset-backed securities issued (net of debt issuance costs of $3,418 and $3,271 at June 30, 2017 and December 31, 2016, respectively)	737,211	825,854
Interest payable	3,723	6,317
Bond payable (net of debt issuance costs of $1,832 and $2,042 at June 30, 2017 and December 31, 2016, respectively)	91,996	91,785
Deferred tax liability	2,330	3,872
Other liabilities	22,177	21,803
Total liabilities	881,946	990,536
Commitments and Contingencies		
JMP Group LLC Shareholders' Equity		
Common shares, $0.001 par value, 100,000,000 shares authorized; 22,780,052 shares issued at both June 30, 2017 and December 31, 2016; 21,599,292 and 21,457,054 shares outstanding at June 30, 2017 and December 31, 2016, respectively	23	23
Additional paid-in capital	137,031	135,945
Treasury shares at cost, 1,180,760 and 1,322,998 shares at June 30, 2017 and December 31, 2016, respectively	(6,924)	(7,792)
Accumulated deficit	(25,968)	(8,799)
Total JMP Group LLC shareholders' equity	104,162	119,377
Nonredeemable Non-controlling Interest	13,870	15,917
Total equity	118,032	135,294
Total liabilities and equity	$ 999,978	$ 1,125,830

See accompanying notes to condensed consolidated financial statements.

JMP Group LLC
Condensed Consolidated Statements of Financial Condition - (Continued)
(Unaudited)
(Dollars in thousands, except per share data)

Assets and liabilities of consolidated variable interest entities ("VIEs") included in total assets and total liabilities above:

	June 30, 2017	December 31, 2016
Restricted cash	$ 48,284	$ 225,777
Loans held for investment	4,683	-
Loans held for sale	-	32,488
Loans collateralizing asset-backed securities issued, net of allowance for loan losses	757,762	654,127
Interest receivable	1,714	2,180
Other assets	34	178
Total assets of consolidated VIEs	$ 812,477	$ 914,750
Asset-backed securities issued	737,211	825,854
Interest payable	2,195	4,580
Other liabilities	798	1,192
Total liabilities of consolidated VIEs	$ 740,204	$ 831,626

The asset-backed securities issued ("ABS") by the VIE are limited recourse obligations payable solely from cash flows of the loans collateralizing them and related collection and payment accounts pledged as security. Accordingly, only the assets of the VIE can be used to settle the obligations of the VIE.

See accompanying notes to condensed consolidated financial statements.

JMP Group LLC
Condensed Consolidated Statements of Operations
(Unaudited)
(In thousands, except per share data)

	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Revenues				
Investment banking	$ 19,128	$ 8,375	$ 32,728	$ 26,671
Brokerage	5,078	5,811	10,364	11,906
Asset management fees	4,153	5,588	10,064	14,914
Principal transactions	(323)	6,632	(2,216)	7,562
Gain (loss) on sale and payoff of loans	83	(533)	930	(909)
Net dividend income	273	243	539	506
Other income	194	46	639	272
Non-interest revenues	28,586	26,162	53,048	60,922
Interest income	9,696	12,124	18,763	24,525
Interest expense	(7,743)	(8,110)	(15,838)	(16,085)
Net interest income	1,953	4,014	2,925	8,440
Gain (loss) repurchase/early retirement of debt	(5,542)	-	(5,332)	-
Provision for loan losses	(1,854)	(453)	(3,120)	(1,084)
Total net revenues	23,143	29,723	47,521	68,278
Non-interest expenses				
Compensation and benefits	22,652	20,681	44,450	48,106
Administration	2,721	2,014	4,540	3,832
Brokerage, clearing and exchange fees	789	813	1,548	1,574
Travel and business development	1,111	1,238	2,026	2,529
Communications and technology	1,051	1,044	2,104	2,060
Occupancy	1,111	930	2,222	1,866
Professional fees	853	1,053	2,015	2,126
Depreciation	303	324	614	656
Other	950	540	1,627	1,161
Total non-interest expenses	31,541	28,637	61,146	63,910
Net income (loss) before income tax expense	(8,398)	1,086	(13,625)	4,368
Income tax expense (benefit)	(198)	(246)	(1,282)	(196)
Net income (loss)	(8,200)	1,332	(12,343)	4,564
Less: Net income attributable to nonredeemable non-controlling interest	335	1,659	932	3,088
Net income (loss) attributable to JMP Group LLC	$ (8,535)	$ (327)	$ (13,275)	$ 1,476
Net income (loss) attributable to JMP Group LLC per common share:				
Basic	$ (0.39)	$ (0.02)	$ (0.61)	$ 0.07
Diluted	$ (0.39)	$ (0.02)	$ (0.61)	$ 0.07
Distributions declared per common share	$ 0.090	$ 0.090	$ 0.180	$ 0.210
Weighted average common shares outstanding:				
Basic	21,652	21,058	21,612	21,204
Diluted	21,652	21,058	21,612	21,766

See accompanying notes to condensed consolidated financial statements.

JMP Group LLC
Condensed Consolidated Statement s of Changes in Equity
(Unaudited)
(In thousands)

	JMP Group LLC's Equity						
	Common Shares		Treasury	Additional Paid-In	Accumulated	Nonredeemable Non-controlling	Total
	Shares	Amount	Shares	Capital	Deficit	Interest	Equity
Balance, December 31, 2016	22,780	$ 23	$ (7,792)	$ 135,945	$ (8,799)	$ 15,917	$ 135,294
Net income (loss)	-	-	-	-	(13,275)	932	(12,343)
Additonal paid-in capital - share-based compensation	-	-	-	1,086	-	-	1,086
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(3,894)	-	(3,894)
Purchases of shares of common shares for treasury	-	-	(586)	-	-	-	(586)
Reissuance of shares of common shares from treasury	-	-	1,454	-	-	-	1,454
Distributions to non-controlling interest holders	-	-	-	-	-	(3,071)	(3,071)
Capital contributions from non-controlling interest holders	-	-	-	-	-	92	92
Balance, June 30, 2017	22,780	$ 23	$ (6,924)	$ 137,031	$ (25,968)	$ 13,870	$ 118,032

	JMP Group LLC's Equity						
	Common Shares		Treasury	Additional Paid-In	Accumulated	Nonredeemable Non-controlling	Total
	Shares	Amount	Shares	Capital	Deficit	Interest	Equity
Balance, December 31, 2015	22,780	$ 23	$ (6,763)	$ 135,003	$ (3,151)	$ 27,782	$ 152,894
Net income	-	-	-	-	1,476	3,088	4,564
Additonal paid-in capital - share-based compensation	-	-	-	2,248	-	-	2,248
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(4,545)	-	(4,545)
Purchases of shares of common shares for treasury	-		(4,034)	-			(4,034)
Reissuance of shares of common shares from treasury	-	-	122	-	-	-	122
Distributions to non-controlling interest holders	-	-	-	-	-	(4,258)	(4,258)
Balance, June 30, 2016	22,780	$ 23	$ (10,675)	$ 137,251	$ (6,220)	$ 26,612	$ 146,991

See accompanying notes to condensed consolidated financial statements.

JMP Group LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Cash flows from operating activities:		
Net income (loss)	$ (12,343)	$ 4,564
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Provision for doubtful accounts	90	-
Provision for loan losses	3,120	1,084
Accretion of deferred loan fees	(1,306)	(815)
Amortization of liquidity discount, net	-	(71)
Amortization of debt issuance costs	210	222
Amortization of original issue discount, related to CLO II and CLO III	1,038	1,203
Interest paid in kind	-	(53)
(Gain) loss on sale and payoff of loans	(930)	909
Loss (gain) on repurchase/early retirement of debt	5,332	(87)
Change in other investments:		
Income from investments in equity method investees	2,130	711
Fair value on other equity investments	39	1,374
Realized loss on other investments	(361)	(7,366)
Depreciation and amortization of fixed assets	614	656
Share-based compensation expense	1,304	2,547
Deferred income taxes	(1,208)	(4,476)
Net change in operating assets and liabilities:		
Decrease in interest receivable	1,540	280
(Increase) decrease in receivables	(5,494)	4,179
(Increase) decrease in marketable securities	(2,511)	602
Decrease in restricted cash (excluding restricted cash reserved for lending activities)	2,387	480
Decrease in deposits and other assets	316	5,174
Increase in marketable securities sold, but not yet purchased	1,023	485
(Decrease) increase in interest payable	(2,594)	441
Decrease in accrued compensation and other liabilities	(16,703)	(16,902)
Net cash used in operating activities	(24,307)	(4,859)
Cash flows from investing activities:		
Purchases of fixed assets	(100)	(283)
Purchases of other investments	(1,528)	(4,492)
Sales of other investments	11,076	25,310
Funding of loans collateralizing asset-backed securities issued	(510,421)	(115,163)
Funding of loans held for sale	(2,752)	-
Funding of loans held for investment	(256)	-
Sale and payoff of loans collateralizing asset-backed securities issued	379,741	142,705
Sale of loans held for sale	33,951	-
Principal receipts on loans collateralizing asset-backed securities issued	20,791	37,660
Repayments on loans held for investment	-	6
Repayments on loans held for sale	1,784	-
Net change in restricted cash reserved for lending activities	173,640	(23,700)
Net changes in cash collateral posted for derivative transactions	23,460	(240)
Net cash provided by investing activities	129,386	61,803

See accompanying notes to condensed consolidated financial statements.

JMP Group LLC
Condensed Consolidated Statements of Cash Flows - (Continued)
(Unaudited)
(In thousands)

	Six Months Ended June 30,	
	2017	**2016**
Cash flows from financing activities:		
Proceeds from asset-backed securities issued	408,394	-
Repurchase of bonds payable	-	(385)
Repayment of asset-backed securities issued	(503,617)	(42,524)
Distributions and distribution equivalents paid on common shares and RSUs	(3,903)	(4,322)
Proceeds from exercises of stock options	905	-
Purchase of common shares for treasury	(402)	(4,034)
Capital contributions of nonredeemable non-controlling interest holders	92	-
Distributions to non-controlling interest shareholders	(3,071)	(4,258)
Employee taxes paid on shares withheld for tax-withholding purposes	(184)	-
Net cash used in financing activities	(101,786)	(55,523)
Net increase in cash and cash equivalents	3,293	1,421
Cash and cash equivalents, beginning of period	85,492	68,551
Cash and cash equivalents, end of period	$ 88,785	$ 69,972
Non-cash investing and financing activities:		
Reissuance of shares of common share from treasury related to vesting of restricted share units and exercises of share options	$ 1,454	$ 122
Distributions declared but not yet paid	$ 648	$ 628

See accompanying notes to condensed consolidated financial statements.

1. Organization and Description of Business

JMP Group LLC, together with its subsidiaries (collectively, the "Company"), is a diversified capital markets firm headquartered in San Francisco, California. The Company conducts its brokerage business through JMP Securities LLC ("JMP Securities"), its asset management business through Harvest Capital Strategies LLC ("HCS"), HCAP Advisors LLC ("HCAP Advisors"), JMP Asset Management LLC ("JMPAM"), JMP Realty I LLC ("JMP Realty"), and JMP Credit Advisors LLC ("JMPCA"), and certain principal investments through JMP Investment Holdings LLC ("JMP Investment Holdings"), JMP Realty Trust Inc., and JMPCA. The above entities, other than HCAP Advisors, are wholly-owned subsidiaries. JMP Securities is a U.S. registered broker-dealer under the Securities Exchange Act of 1934, as amended ("the Exchange Act"), and is a member of the Financial Industry Regulatory Authority ("FINRA"). JMP Securities operates as an introducing broker and does not hold funds or securities for, or owe any money or securities to customers and does not carry accounts for customers. All customer transactions are cleared through another broker-dealer on a fully disclosed basis. HCS is a registered investment advisor under the Investment Advisers Act of 1940, as amended, and provides investment management services for sophisticated investors in investment partnerships and other entities managed by HCS. HCAP Advisors provides investment advisory services to Harvest Capital Credit Corporation ("HCC"). JMP Realty manages JMP Realty Partners I LLC ("JMPRP"), a fund formed in the third quarter of 2016 to invest in real estate portfolios. Through JMPCA, the Company managed JMPCA CLO II Ltd ("CLO II") (through June 29, 2017), JMPCA CLO III Ltd ("CLO III"), JMPCA CLO IV Ltd ("CLO IV"), and JMP Credit Advisors TRS Ltd ("JMPCA TRS"), a wholly owned special purpose vehicle formed to enter into a total return swap ("TRS"). The Company completed a Reorganization Transaction in January 2015 pursuant to which JMP Group Inc. became a wholly owned subsidiary of JMP Group LLC (the "Reorganization Transaction").

Recent Transactions

On June 29, 2017, entities sponsored by JMP Group LLC priced a $456.9 million CLO. The senior notes offered in this transaction (the "Secured Notes") were issued by JMP Credit Advisors CLO IV Ltd., a special purpose Cayman vehicle, and co-issued in part by JMP Credit Advisors CLO IV LLC, a special purpose Delaware vehicle, and were backed by a diversified portfolio of broadly syndicated leveraged loans. The Secured Notes were issued in multiple tranches and are rated by Moody's Investors Service, Inc. The Company, through a wholly-owned subsidiary, retained 100% of the senior and junior subordinated notes, which are not rated. The transaction closed on June 29, 2017. The Company manages CLO IV, and owns 100% of the subordinated notes.

Upon the closing of CLO IV, the Company performed a consolidation analysis to determine appropriate consolidation treatment. An entity is considered a VIE and, therefore, would be subject to the consolidation provisions of ASC 810-10-15 if, by design, equity investors do not have the characteristics of a controlling financial interest or do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. In the analysis, the Company determines if it is the primary beneficiary of the VIE by performing a qualitative analysis of the VIE that includes a review of, among other factors, its capital structure, contractual terms, related party relationships, the Company's fee arrangements and the design of the VIE. As of June 30, 2017, CLO IV was determined to be a VIE. The Company was identified as the primary beneficiary based on the ability to direct the activities of CLO IV through its subsidiary manager, JMPCA, and the 100% ownership of the subordinated notes. As a result, the Company consolidates the assets and liabilities of CLO IV, and the underlying loans owned by the CLO are shown on the Consolidated Statements of Financial Condition under loans collateralizing asset-backed securities issued and the asset-backed securities issued to third parties are shown under asset-backed securities issued.

2. Summary of Significant Accounting Policies

Basis of Presentation

These condensed consolidated financial statements and related notes are unaudited and have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. These condensed consolidated financial statements should be read in conjunction with the Company's consolidated financial statements and notes thereto included in its Annual Report on Form 10-K for the year ended December 31, 2016 (the "Annual Report"). The results of operations for any interim period are not necessarily indicative of the results to be expected for a full year.

The consolidated accounts of the Company include the wholly-owned subsidiaries, JMP Securities, HCS, JMPCA, JMP Investment Holdings, JMPCA TRS, JMP Asset Management Inc., JMP Realty Trust Inc., and CLO IV, and the partially-owned subsidiaries CLO I, CLO II, CLO III and HCAP Advisors. All material intercompany accounts and transactions have been eliminated in consolidation. Non-controlling interest on the Consolidated Statements of Financial Condition at June 30, 2017 and December 31, 2016 relate to the interest of third parties in the partially-owned subsidiaries.

See Note 2 - Summary of Significant Accounting Policies in the Company's Annual Report for the Company's significant accounting policies.

3. Recent Accounting Pronouncemen ts

Recently Adopted Accounting Guidance

ASU 2016-07, *Simplifying the Transition to the Equity Method of Accounting (Topic 323)* , was issued in March 2016. When an investment qualifies for the use of the equity method of accounting as a result of an increase in the level of ownership interest or degree of influence, the amendments eliminate the requirement to retroactively adopt the equity method of accounting. This standard was effective for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. The adoption of ASU 2016-07 did not have a material impact on the Company’s financial statements.

ASU 2016-09, *Improvements to Employee Share-Based Payment Accounting (Topic 718)* , was issued in March 2016 as part of its initiative to reduce complexity in accounting standards. Areas for simplification in this update involve several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This standard was effective for fiscal years beginning after December 31, 2016. The adoption of ASU 2016-09 did not have a material impact on the Company’s financial statements.

ASU 2017-01, *Business Combinations (Topic 805)* , provides a more robust framework to clarify the definition of a business with the objective to determine when a set of assets and activities is a business. The provisions to this standard for public businesses are effective for annual periods beginning after December 15, 2017 and all other entities applied to annual periods beginning after December 15, 2018 and interim periods within the annual periods beginning after December 15, 2019. This update is applied prospectively on or before the effective date with the possibility of early adoption. This Company will continue to monitor the impact on the business.

Accounting Guidance Not Yet Adopted

Accounting Standards Updates (“ASU”) 2014-09, ASU 2015-14, ASU 2016-10 and ASU 2016-12 *, Revenue from Contracts with Customers (Topic 606),* and ASU 2016-08, *Principal versus Agent Considerations (Topic 606)* , were issued in May 2014, August 2015, April 2016, May 2016 and March 2016, respectively, to provide a more robust framework for addressing revenue issues, and to clarify the implementation guidance on principal versus agent considerations. The standards allow either a full retrospective or modified approach at adoption. They are effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted on the original effective date, as stated by ASU 2014-09, annual reporting periods beginning after December 15, 2016. The core principles of the provisions are that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates also clarify guidance relating to identifying performance obligations and licensing implementation. The Company is evaluating certain agreements to determine whether it acts as a principal and should present the related revenue gross of expenses. Any impact resulting from adoption would result in adjustments on principal transactions, interest income and interest expense. While the evaluation efforts over the revenue standard updates are not complete, the Company does not anticipate a significant impact on its financial statements.

ASU 2016-01, *Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10)* , was issued in January 2016. The amendments address certain aspects of recognition, measurement, presentation and disclosure of financial instruments. They require equity securities that are neither accounted by equity method nor consolidated to be measured at fair value with changes of fair values recognized as net income. Those equity securities that do not have readily determinable fair value may be measured at cost less impairment, plus or minus changes resulting from observable price changes in orderly transactions for the identical or similar investment of the same issuer. In addition, the amendments simplify the impairment assessment of equity investments without determinable fair values by requiring a qualitative assessment at each reporting period. This standard will be effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. The adoption of ASU 2016-01 is not expected to have a material impact on the Company’s financial statements.

ASU 2016-02, *Leases (Topic 842)* , was issued in February 2016 to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing information about leasing arrangements. The standard requires lessees to recognize the assets and liabilities arising from operational leases on the balance sheet. ASU 2016-02 will become effective for fiscal years beginning after December 15, 2018. Upon adoption, the Company’s right-to-use assets and corresponding lease liabilities will be grossed up to reflect the present value of the lease payments.

ASU 2016-13, *Measurement of Credit Losses on Financial Instruments (Topic 326),* was issued in June 2016 to replace the incurred loss impairment methodology with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This standard will become effective for fiscal years beginning after December 31, 2019. The Company expects the adoption of ASU 2016-13 may result in an increase to the allowance for loan losses. The Company is still in the process of determining the magnitude of the impact.

ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments (Topic 230),* was issued in August 2016 to address diversity in practice in how certain cash receipts and cash payments are presented and classified in the statement of cash flows. This standard addresses the following eight specific cash flow issues: Debt prepayment or debt extinguishment costs; settlement of zero-coupon debt instruments or other debt instruments with coupon interest rates that are insignificant in relation to the effective interest rate of the borrowing; contingent consideration payments made after a business combination; proceeds from the settlement of insurance claims; proceeds from the settlement of corporate-owned life insurance policies; distributions received from equity method investees; beneficial interests in securitization transactions; and separately identifiable cash flows and application of the predominance principle. The amendments in this standard are effective for fiscal years beginning after December 15, 2017, and interim periods within those fiscal years. Early adoption is permitted, including adoption in an interim period. The amendments will be applied using a retrospective transition method to each period presented. If it is impracticable to apply the amendments retrospectively for some of the issues, the amendments for those issues will be applied prospectively as of the earliest date practicable. The adoption of ASU 2016-15 is expected to result in reclassifications within the Company’s statements of cash flows.

ASU 2016-16, *Income Taxes (Topic 740)* , was issued in October 2016 to improve the accounting for income tax consequences of intra-entity transfers of assets other than inventory and to reduce the complexity/cost in accounting standards. The Financial Accounting Standards Board decided to recognize the income tax consequences to intra-entity transfers when the transfer occurs. The amendment is effective for annual reporting periods beginning after December 15, 2017 including interim reporting periods within those annual reporting periods. Early adoption is permitted and is applied modified retrospective basis through a cumulative-effect adjustment directly to retained earnings at the beginning of the period of adoption. The Company is evaluating the impact of the adoption of this standard.

ASU 2016-18, *Statement of Cash Flows (Topic 230)* addresses the diversity that exists in the classification and presentation of changes in restricted cash and transfers between cash and restricted cash on the statement of cash flows. The amendment applies to all entities that report restricted cash or restricted cash equivalents and present a statement of cash flows. The provisions of this update require the explanation of the changes during the period. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2017 and interim periods within those fiscal years. Additionally, early adoption is permitted with a retrospective transition method and all adjustments should be reflected as of the beginning of the fiscal year that includes that interim period. The adoption of this standard is expected to result in additional disclosures in the Company's filings.

4. Fair Value Measurements

The following tables provide fair value information related to the Company's financial instruments at June 30, 2017 and December 31, 2016:

	June 30, 2017				
(In thousands)	**Carrying Value**	**Fair Value**			
		Level 1	**Level 2**	**Level 3**	**Total**
Assets:					
Cash and cash equivalents	$ 88,785	$ 88,785	$ -	$ -	$ 88,785
Restricted cash and deposits	51,629	51,629	-	-	51,629
Marketable securities owned	21,233	21,233	-	-	21,233
Other investments	12,298	-	12,298	-	12,298
Other investments measured at net asset value (1)	16,892	-	-	-	-
Loans held for investment, net of allowance for loan losses	7,059	-	4,561	1,267	5,828
Loans collateralizing asset-backed securities issued, net of allowance for loan losses	757,762	-	759,450	-	759,450
Cash collateral posted for total return swap	1,540	1,540	-	-	1,540
Total assets:	$ 957,198	$ 163,187	$ 776,309	$ 1,267	$ 940,763
Liabilities:					
Marketable securities sold, but not yet purchased	$ 5,770	$ 5,770	$ -	$ -	$ 5,770
Asset-backed securities issued	737,211	-	744,131	-	744,131
Bond payable	91,996	-	95,220	-	95,220
Total liabilities:	$ 834,977	$ 5,770	$ 839,351	$ -	$ 845,121

(In thousands)	December 31, 2016				
	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 85,492	$ 85,492	$ -	$ -	$ 85,492
Restricted cash and deposits	227,656	227,656	-	-	227,656
Marketable securities owned	18,722	18,722	-	-	18,722
Other investments	13,697	-	13,697	-	13,697
Other investments measured at net asset value (1)	19,172	-	-	-	-
Loans held for sale	32,488	-	33,651		33,651
Loans held for investment, net of allowance for loan losses	1,930	-	-	1,824	1,824
Loans collateralizing asset-backed securities issued, net of allowance for loan losses	654,127	-	685,392	-	685,392
Cash collateral posted for total return swap	25,000	25,000	-	-	25,000
Total assets:	$ 1,078,284	$ 356,870	$ 732,740	$ 1,824	$ 1,091,434
Liabilities:					
Marketable securities sold, but not yet purchased	$ 4,747	$ 4,747	$ -	$ -	$ 4,747
Asset-backed securities issued	825,854	-	831,854	-	831,854
Bond payable	91,785	-	94,517	-	94,517
Total liabilities:	$ 922,386	$ 4,747	$ 926,371	$ -	$ 931,118

(1) In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Recurring Fair Value Measurement

The following tables provide information related to the Company's assets and liabilities carried at fair value on a recurring basis at June 30, 2017 and December 31, 2016:

(In thousands)	June 30, 2017				
	Carrying Value	Level 1	Level 2	Level 3	Total
Marketable securities owned	21,233	$ 21,233	$ -	$ -	$ 21,233
Other investments:					
Investments in hedge funds managed by HCS	12,216	-	12,216	-	12,216
Investments in private equity funds managed by HCS (1)	4,685	.	.	-	-
Investments in funds of funds managed by HCS (1)	9	-	-	-	-
Investments in funds of capital debt managed by the Company (1)	93	-	-	-	-
Total investment in funds managed by HCS	17,003	-	12,216	-	12,216
Limited partnership in investments in private equity/ real estate funds (1)	3,547	-	-	-	-
Total return swap	82	-	82	-	82
Total other investments	20,632	-	12,298	-	12,298
Total assets:	41,865	$ 21,233	$ 12,298	$ -	$ 33,531
Marketable securities sold, but not yet purchased	5,770	5,770	-	-	5,770
Total liabilities:	5,770	$ 5,770	$ -	$ -	$ 5,770

(In thousands)	December 31, 2016				
	Carrying Value	Level 1	Level 2	Level 3	Total
Marketable securities owned	18,722	$ 18,722	$ -	$ -	$ 18,722
Other investments:					
Investments in hedge funds managed by HCS	12,444	-	12,444	-	12,444
Investments in private equity funds managed by HCS (1)	4,227	.	.	-	-
Investments in funds of funds managed by HCS (1)	5	-	-	-	-
Total investment in funds managed by HCS	16,676	-	12,444	-	12,444
Limited partnership in investments in private equity/ real estate funds (1)	3,530	-	-	-	-
Total return swap	1,253		1,253		1,253
Total other investments	21,459	-	13,697	-	13,697

Total assets:	$ 40,181	$ 18,722	$ 13,697	$ -	$ 32,419
Marketable securities sold, but not yet purchased	4,747	4,747	-	-	4,747
Total liabilities:	$ 4,747	$ 4,747	$ -	$ -	$ 4,747

(1) In accordance with ASC 820-10, certain investments that are measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statement of financial position.

Transfers between levels of the fair value hierarchy result from changes in the observability of fair value inputs used in determining fair values for different types of financial assets and are recognized at the beginning of the reporting period in which the event or change in circumstances that caused the transfer occurs.

The Company's Level 2 assets held in other investments consist of investments in hedge funds managed by HCS. The carrying value of investment in hedge funds is calculated using the equity method and approximates fair value. Earnings or losses attributable to these investments are recorded in principal transactions. These assets are considered Level 2 as the underlying hedge funds are mainly invested in publicly traded stocks whose value is based on quoted market prices. The Company's proportionate share of those investments is included in the tables above.

The investments in private equity funds managed by HCS and JMPAM are recognized using the fair value option. The Company uses the reported net asset value per share as a practical expedient to estimate the fair value of the funds. The risks associated with these investments are limited to the amounts of invested capital, remaining capital commitment and any management and incentive fees receivable. The Company uses the reported net asset value per share as a practical expedient to estimate the fair value of Harvest Growth Capital LLC ("HGC") and HGC II ("HGC II") and JMPRP.

The Company holds a limited partner investment in a private equity fund, managed by a third party. This fund aims to achieve medium to long-term capital appreciation by investing in a diversified portfolio of technology companies that leverage the growth of Greater China. The Company also holds investments in real estate funds, which aim to generate revenue streams from investments in real estate joint ventures. The Company recognizes these investments using the fair value option. The primary reason for electing the fair value option was to measure gains on the same basis as the Company's other equity securities, which are stated at fair value. The Company uses the reported net asset value per share as a practical expedient to estimate the fair value of the funds. The investments in private investment funds managed by third parties are generally not redeemable at the option of the Company.

As of June 30, 2017 and December 31, 2016, the fair value of the following investments was estimated using net asset value as a practical expedient:

Dollars in thousands	**Redemption Frequency**	**Redemption Notice Period**	**Fair Value at June 30, 2017**	**Fair Value at December 31, 2016**	**Unfunded Commitments June 30, 2017**	**Unfunded Commitments December 31, 2016**
Investments in Funds of Funds managed by HCS (1)	N/A	N/A	$ 9	$ 5	$ -	$ -
Limited partner investments in private equity/ real estate funds	Nonredeemable	N/A	$ 3,547	$ 3,530	$ -	$ -
Investment in private equity funds managed by HCS	Nonredeemable	N/A	$ 4,685	$ 4,227	$ 1,085	$ 1,085
Investments in funds of capital debt managed by the Company	Nonredeemable	N/A	$ 93	$ -	$ 2,236	$ -

(1) Investments in Funds of Funds managed by HCS began the process of liquidation on December 31, 2015.

Non-recurring Fair Value Measurements

The Company's assets that are measured at fair value on a non-recurring basis result from the application of lower of cost or market accounting or write-downs of individual assets. As of June 30, 2017 and December 31, 2016, the Company held loans collateralizing asset-backed securities of $4.2 million and $1.9 million, respectively, which were placed on non-accrual status. For the quarters ended June 30, 2017 and 2016, the Company recorded related losses of $0.5 million and $0.7 million, respectively, related to these non-accrual loans. For the six months ended June 30, 2017 and 2016, the Company recorded related losses of $1.5 million and $0.7 million, respectively.

Loans Held for Investment

At June 30, 2017 and December 31, 2016, loans held for investment included five and four loans, respectively, outside of the CLO portfolios. Given the small size of this loan portfolio, the Company reviews credit quality of the loans within this portfolio segment on a loan by loan basis mainly focusing on the borrower's financial position and results of operations as well as the current and expected future cash flows on the loans.

Effective July 1, 2013, the Company agreed to lend a health sciences fund investment advising company up to $2.0 million, at an interest rate of 10% per year. The outstanding principal balance and all accrued and unpaid interest is due and payable on July 1, 2018. In 2016, the Company placed this loan on non-accrual status, and recorded a related reserve for $0.4 million. As of June 30, 2017 and December 31, 2016, the Company's loan outstanding to this entity was $1.0 million, net of a $1.2 million reserve, and $1.7 million, net of a $0.4 million reserve, respectively. The Company determined the fair value of loans held for investment to be $1.0 million and $1.6 million as of June 30, 2017 and December 31, 2016, respectively, using anticipated cash flows, discounted at an appropriate market credit adjusted interest rate.

Effective June 30, 2017, JMP Investment Holdings held a $1.0 million loan, previously held in the CLO II portfolio. The loan was deemed impaired as of June 30, 2017 with recorded investment of $1.5 million and related allowance of $0.5 million. The Company recorded an additional specific reserve of $20 thousand at June 30, 2017 related to this loan.

As of June 30, 2017, in conjunction with liquidating its asset backed securities, CLO II's remaining $4.7 million loans were reclassified to loans held for investment. The Company determined the fair value of these loans to be $3.4 million as of June 30, 2017; primarily using the average market bid and ask quotation obtained from a loan pricing service. Such loans are identified as Level 2 assets. The valuations are received from a pricing service to which the Company subscribes. The pricing service's analysis incorporates comparable loans traded in the marketplace, the obligor's industry, future business prospects, capital structure, and expected credit losses. As of June 30, 2017, $1.7 million of these loans were deemed impaired with recorded investment of $2.4 million and related allowance of $0.7 million.

Investments at Cost

On April 5, 2011, the Company made a $0.3 million commitment to invest in RiverBanc LLC (“RiverBanc”), which manages the assets of a commercial real estate investing platform in mezzanine debt and equity from multifamily properties and other residential real estate. The Company recognized its investment in RiverBanc using the equity method. In the first quarter of 2016, the Company recognized a $0.1 million gain, and received a distribution of $0.5 million. RiverBanc was sold in the second quarter of 2016, resulting in a $6.0 million gain to the Company.

On November 16, 2015, the Company made a $2.0 million commitment to a fund, which focuses on acquiring a portfolio of seasoned real estate equity investments. The Company recognizes its investment using the equity method. In the three and six months ended June 30, 2016, the Company recognized gains of $0.2 million and $0.3 million, and received distributions of $0.3 million and $0.6 million, respectively. On September 26, 2016, the Company sold the investment to JMPRP, resulting in a $0.1 million loss.

On December 2, 2015, the Company made a $12.8 million investment in a business, which acquires buildings and land for the purpose of holding, selling and managing the properties. The Company recognizes its investment using the equity method, with related gains recognized in principal transactions. In the quarter and six months ended June 30, 2017, the Company recognized losses of $1.6 million and $2.8 million, and received distributions of $0.2 million and $0.5 million. In the quarter and six months ended June 30, 2016, the Company recognized losses of $1.3 million and $1.2 million, and received distributions of $0.2 million and $0.3 million. In the quarter and six months ended June 30, 2017, these losses incorporated depreciation and amortization expenses at this business of $1.1 million and $3.3 million. In the quarter and six months ended June 30, 2016, these losses incorporated depreciation and amortization expenses at this business of $0.9 million and $2.1 million. On September 26, 2016, the Company sold 21.6% of this investment to JMPRP, resulting in a $0.4 million gain. As of June 30, 2017 and December 31, 2016, the carrying value of this investment was $7.5 million and $10.8 million, respectively.

Derivative Financial Instruments

In the second quarter of 2015, JMPCA TRS entered into a TRS. The TRS effectively allows the Company to build up a portfolio of broadly syndicated loans with characteristics similar to the warehouse facility used to accumulate assets for CLO III. The TRS differs from a traditional warehouse facility, in that the Company does not own or take title to the loans. The TRS provides all the economic risks and rewards of owning the assets; however, they are only reference assets during the life of the investment. Under the TRS, JMPCA TRS pays interest on the value of the portfolio balance in exchange for any income or fees earned from a portfolio of syndicated loans held by the counter-party. The TRS had a tenor of 36 months with an 18 month revolving period and an 18 month amortization period. As of June 30, 2017 and December 31, 2016, the TRS is held in Other Investments, with gains and losses recorded in Principal Transactions. In the three and six months ended June 30, 2017, the Company recognized a $0.2 million gain and a $1.3 million loss on the TRS, respectively. In the three and six months ended June 30, 2016, the Company recognized a $0.7 million and a $0.6 million gain on the TRS, respectively. The Company determined the fair value of the TRS to be a $0.1 million and $1.3 million asset as of June 30, 2017 and December 31, 2016, respectively, using the market value of the loans as provided by our counterparty. In association with this agreement, the Company posted $25.0 million as cash collateral, in prior periods which was recorded in the line item cash collateral posted for total return swap. In the first quarter of 2017, the Company posted an additional $0.9 million. In association with CLO IV purchasing the TRS assets, in the second quarter, the TRS returned $23.5 million of the cash collateral. The contract with the counter-party incorporates a master netting agreement. If the Company enters into another derivative with this counter-party, it could be offset with the TRS. The maximum exposure of the TRS is the $1.5 million posted as cash collateral plus any margin call amounts the Company may make in the future. The Company monitors the portfolio continuously, updating the collateral pricing and ratings daily. The facility termed out at year end 2016, and is scheduled to liquidate from loan repayments and sales by May 2018.

5 . Loans Collateralizing Asset-backed Securities Issued

Loans collateralizing asset-backed securities issued and loans held for sale are commercial loans securitized and owned by the Company's CLOs. The loans consist of those loans within the CLO securitization structure at the acquisition date of CLO I and loans purchased by the CLOs subsequent to the CLO I acquisition date. In the fourth quarter of 2016, CLO I initiated the liquidation process and sold the majority of its loan portfolio within that quarter. The remaining loans were reflected as loans held for sale as of December 31, 2016. The following table presents the components of loans collateralizing asset-backed securities issued and loans held for sale as of June 30, 2017 and December 31, 2016:

(In thousands)	Loans Collateralizing Asset-backed Securities		Loans Held for Sale	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Outstanding principal	$ 771,605	$ 667,237	$ -	$ 33,748
Allowance for loan losses	(7,662)	(6,540)	-	-
Liquidity discount	-	-	-	(772)
Deferred loan fees, net	(6,181)	(6,570)	-	(308)
Valuation allowance	N/A	N/A	-	(180)
Total loans, net	$ 757,762	$ 654,127	$ -	$ 32,488

The table below summarizes the activity in the loan principal, allowance for loan losses, liquidity discount, deferred loan fees, and the carrying value for the loans as of and for the three months ended June 30, 2017 and 2016:

(In thousands)	Three Months Ended June 30, 2017				
	Principal	Allowance for Loan Losses	Liquidity Discount	Deferred Loan Fees	Carrying Value, Net
Impaired Loans					
Balance at beginning of period	$ 5,016	$ (1,908)	$ -	$ (253)	$ 2,855
Repayments	(60)	-	-	-	(60)
Provision for loan losses	-	(542)	-	-	(542)
Transfers to/from non-impaired loans, net	2,910	-	-	(26)	2,884
Transfers to loans held for investment	(4,039)	1,239		158	(2,642)
Balance at end of period	$ 3,827	$ (1,211)	$ -	$ (121)	$ 2,495
Non-impaired Loans					
Balance at beginning of period	$ 619,114	$ (5,187)	$ -	$ (5,827)	$ 608,100
Purchases	463,567	-	-	(3,270)	460,297
Repayments	(5,787)	-	-	-	(5,787)
Accretion of discount	-	-	-	465	465
Provision for loan losses	-	(1,290)	-	-	(1,290)
Sales and payoff	(303,073)	-	-	2,465	(300,608)
Transfers to/from impaired loans, net	(2,910)	-	-	26	(2,884)
Transfers to loans held for investment	(3,133)	26		81	(3,026)
Balance at end of period	$ 767,778	$ (6,451)	$ -	$ (6,060)	$ 755,267

(In thousands)	Three Months Ended June 30, 2016				
	Principal	Allowance for Loan Losses	Liquidity Discount	Deferred Loan Fees	Carrying Value, Net
Impaired Loans					
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -
Repayments	(13)	-	-	-	(13)
Provision for loan losses	-	(24)	-	-	(24)
Transfers to/from non-impaired loans, net	3,211	(674)	-	(249)	2,288
Balance at end of period	$ 3,198	$ (698)	$ -	$ (249)	$ 2,251
Non-impaired Loans					
Balance at beginning of period	$ 967,151	$ (6,028)	$ (882)	$ (8,565)	$ 951,676
Purchases	64,008	-	-	(1,033)	62,975
Repayments	(21,876)	-	-	234	(21,642)
Accretion of discount	-	-	35	454	489
Provision for loan losses	-	15	-	-	15
Sales and payoff	(90,456)	-	-	778	(89,678)
Transfers to/from impaired loans, net	(3,211)	674	-	249	(2,288)
Balance at end of period	$ 915,616	$ (5,339)	$ (847)	$ (7,883)	$ 901,547

The table below summarizes the activity in the loan principal, allowance for loan losses, liquidity discount, deferred loan fees, and the carrying value for the loans as of and for the six months ended June 30, 2017 and 2016:

(In thousands)	Six Months Ended June 30, 2017				
	Principal	Allowance for Loan Losses	Liquidity Discount	Deferred Loan Fees	Carrying Value, Net
Impaired Loans					
Balance at beginning of period	$ 3,113	$ (937)	$ -	$ (249)	$ 1,927
Repayments	(104)	-	-	-	(104)
Provision for loan losses	-	(1,513)	-	-	(1,513)
Transfers to/from non-impaired loans, net	4,857	-	-	(30)	4,827
Transfers to loans held for investment	(4,039)	1,239	-	158	(2,642)
Balance at end of period	$ 3,827	$ (1,211)	$ -	$ (121)	$ 2,495
Non-impaired Loans					
Balance at beginning of period	$ 664,124	$ (5,603)	$ -	$ (6,323)	$ 652,198
Purchases	514,300	-	-	(3,879)	510,421
Repayments	(20,687)	-	-	-	(20,687)
Accretion of discount	-	-	-	991	991
Provision for loan losses	-	(874)	-	-	(874)
Sales and payoff	(381,969)	-	-	3,040	(378,929)
Transfers to/from non-impaired loans, net	(4,857)	-	-	30	(4,827)
Transfers to loans held for investment	(3,133)	26	-	81	(3,026)
Balance at end of period	$ 767,778	$ (6,451)	$ -	$ (6,060)	$ 755,267

(In thousands)	Six Months Ended June 30, 2016				
	Principal	Allowance for Loan Losses	Liquidity Discount	Deferred Loan Fees	Carrying Value, Net
Impaired Loans					
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -
Repayments	(13)	-	-	-	(13)
Accretion of discount	-	(24)	-	2	(22)
Transfers to/from non-impaired loans, net	3,211	(674)	-	(249)	2,288
Balance at end of period	$ 3,198	$ (698)	$ -	$ (247)	$ 2,253
Non-impaired Loans					
Balance at beginning of period	$ 984,110	$ (5,396)	$ (918)	$ (8,132)	$ 969,664
Purchases	117,422	-	-	(2,259)	115,163
Repayments	(38,018)	-	-	371	(37,647)
Accretion of discount	-	-	71	815	886
Provision for loan losses	-	(617)	-	-	(617)
Sales and payoff	(144,687)	-	-	1,073	(143,614)
Transfers to/from non-impaired loans, net	(3,211)	674	-	249	(2,288)
Balance at end of period	$ 915,616	$ (5,339)	$ (847)	$ (7,883)	$ 901,547

Allowance for Loan Losses

A summary of the activity in the allowance for loan losses for loans collateralizing asset-backed securities for the three and six months ended June 30, 2017 and 2016 is as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Balance at beginning of period	$ (7,095)	$ (6,028)	$ (6,540)	(5,397)
Provision for loan losses:				
Specific reserve	(542)	(698)	(1,513)	(698)
General reserve	(1,290)	689	(874)	58
Transfer to loans held for investment	1,265	-	1,265	-
Balance at end of period	$ (7,662)	$ (6,037)	$ (7,662)	$ (6,037)

Impaired Loans, Non-Accru al, Past Due Loans and Restructured Loans

A loan is considered to be impaired when, based on current information, it is probable that the Company will be unable to collect all amounts due in accordance with the contractual terms of the original loan agreement, including scheduled principal and interest payments. As of June 30, 2017 and December 31, 2016, \$3.7 million and \$2.9 million of recorded investment amount of loans collateralizing asset-backed securities issued were individually evaluated for impairment. The remaining \$761.7 million and \$657.8 million of recorded investment amount of loans collateralizing asset-backed securities issued were collectively evaluated for impairment, as of June 30, 2017 and December 31, 2016, respectively. The entire \$32.5 million of recorded investment amount of loans held for sale was individually evaluated for impairment at December 31, 2016.

As of June 30, 2017 and December 31, 2016, the Company classified all its loans as Cash Flow loans, as their funding decisions were all primarily driven by the cash flows of the borrower. The table below presents certain information pertaining to the loans on non-accrual status at June 30, 2017 and December 31, 2016:

(In thousands)	Recorded Investment	Unpaid Principal Balance	Related Allowance	Average Recorded Investment	Interest Income Recognized
June 30, 2017					
Impaired loans with an allowance recorded	$ 3,707	$ 3,921	$ 1,213	$ 3,727	$ 44
Impaired loans with no related allowance recorded	-	-	-	-	-
	$ 3,707	$ 3,921	$ 1,213	$ 3,727	$ 44
December 31, 2016					
Impaired loans with an allowance recorded	$ 2,864	$ 3,211	$ 938	$ 2,913	$ 75
Impaired loans with no related allowance recorded	-	-	-	-	-
	$ 2,864	$ 3,211	$ 938	$ 2,913	$ 75

Loans are considered past due if the required principal and interest payments have not been received as of the date such payments were due. No loans were past due at June 30, 2017 or December 31, 2016. At both June 30, 2017 and December 31, 2016, the Company did not have any loans which were modified in a troubled debt restructuring.

Credit Quality of Loans

The Company's management, at least on a quarterly basis, reviews each loan and evaluates the credit quality of the loan. The review primarily includes the following credit quality indicators with regard to each loan: 1) Moody's rating, 2) current internal rating, 3) the trading price of the loan and 4) performance of the obligor. The tables below present, by credit quality indicator, the Company's recorded investment in loans collateralizing asset-backed securities issued at June 30, 2017 and December 31, 2016:

(In thousands)	Cash Flow Loans		Loans Held for Sale - Cash Flow	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Moody's rating:				
Baa1 - Baa3	$ 7,444	$ 12,145	$ -	$ 6,769
Ba1 - Ba3	131,603	137,717	-	13,957
B1 - B3	575,706	467,125	-	11,377
Caa1 - Caa3	49,374	37,913	-	565
Ca	-	2,903	-	-
C	1,297	-	-	-
Not Rated	-	2,864	-	-
Total:	$ 765,424	$ 660,667	$ -	$ 32,668
Internal rating: (1)				
2	$ 671,330	$ 545,181	$ -	$ 27,109
3	79,727	94,407	-	5,559
4	11,637	18,215	-	-
5	2,730	2,864	-	-
Total:	$ 765,424	$ 660,667	$ -	$ 32,668
Performance:				
Performing	$ 761,717	$ 657,803	$ -	$ 32,668
Non-Performing	3,707	2,864	-	-
Total:	$ 765,424	$ 660,667	$ -	$ 32,668

(1) Loans with an internal rating of 4 or below are reviewed individually to identify loans to be designated for non-accrual status.

The Company determined the fair value of loans collateralizing asset-backed securities to be $759.4 million and $685.4 million as of June 30, 2017 and December 31, 2016, respectively; primarily using the average market bid and ask quotation obtained from a loan pricing service. Such loans are identified as Level 2 assets. The valuations are received from a pricing service to which the Company subscribes. The pricing service's analysis incorporates comparable loans traded in the marketplace, the obligor's industry, future business prospects, capital structure, and expected credit losses. Significant declines in the performance of the obligor would result in decreases to the fair value measurement. The fair value of loans held for sale was determined to be zero and $33.7 million as of June 30, 2017 and December 31, 2016, respectively.

6 . Debt

Bond Payable

In January 2013, JMP Group Inc. raised approximately $46.0 million from the sale of 8.00% Senior Notes (the "2013 Senior Notes"). In January 2014, JMP Group Inc. raised an additional approximate amount of $48.3 million from the sale of 7.25% Senior Notes (the "2014 Senior Notes"). The 2013 Senior Notes will mature on January 15, 2023 and may be redeemed in whole or in part at any time or from time to time at JMP Group Inc.'s option on or after January 15, 2016, at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The notes bear interest at a rate of 8.00% per year, payable quarterly on January 15, April 15, July 15 and October 15 of each year. The 2014 Senior Notes will mature on January 15, 2021, and may be redeemed in whole or in part at any time or from time to time at the JMP Group Inc.'s option on or after January 15, 2017, at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The notes bear interest at a rate of 7.25% per year, payable quarterly on January 15, April 15, July 15 and October 15 of each year, and began April 15, 2014.

The 2013 Senior Notes and 2014 Senior Notes (collectively, the "Senior Notes") were issued pursuant to indentures with U.S. Bank National Association, as trustee. The indentures contain a minimum liquidity covenant that obligates JMP Group Inc. to maintain liquidity of at least an amount equal to the lesser of (i) the aggregate amount due on the next eight scheduled quarterly interest payments on the Senior Notes, or (ii) the aggregate amount due on all remaining scheduled quarterly interest payments on the Senior Notes until the maturity of the Senior Notes. The indenture also contains customary event of default and cure provisions. If an uncured default occurs and is continuing, the Trustee or the holders of at least 25% in principal amount of the Senior Notes may declare the Senior Notes immediately due and payable.

The Senior Notes are general unsecured senior obligations, must rank equally with all existing and future senior unsecured indebtedness and are senior to any other indebtedness expressly made subordinate to the notes. The notes will be effectively subordinated to all of JMP Group Inc.'s existing and future secured indebtedness (to the extent of the value of the assets securing such indebtedness) and structurally subordinated to all existing and future liabilities of our subsidiaries, including trade payables.

JMP Group Inc., as a wholly owned subsidiary of JMP Group LLC, is the primary obligor of the Senior Notes. In connection with the Reorganization Transaction, on January 1, 2015, JMP Group LLC and JMP Investment Holdings LLC became guarantors of JMP Group Inc. with respect to the Senior Notes.

In February 2016, the Company purchased $0.5 million face value of the Senior Notes for $0.4 million. This purchase resulted in a $0.1 million gain, which is recognized in Other Income.

The Company incurred no debt issuance costs in the six months ended June 30, 2017 and 2016. Debt issuance costs are amortized over the estimated life of the bond. As of June 30, 2017 and December 31, 2016, the Company held $1.8 million and $2.0 million of unamortized debt issuance costs.

	As of June 30, 2017		As of December 31, 2016	
	Principal	Unamortized Discount and Debt Issuance Costs	Principal	Unamortized Discount and Debt Issuance Costs
7.25% Senior Notes	$ 47,922,500	$ 878,003	$ 47,922,500	$ 1,001,956
8.00% Senior Notes	$ 45,905,250	$ 954,249	$ 45,905,250	$ 1,040,347

Note Payable and Lines of Credit

As of June 30, 2017 and December 31, 2016, the Company held revolving lines of credit related to JMP Holding LLC (formerly known as JMP Group LLC) and JMP Securities.

The Company's Credit Agreement (the "Credit Agreement"), dated as of August 3, 2006, was entered into by and between JMP Holding LLC and City National Bank ("CNB"), and was subsequently amended. The Credit Agreement and subsequent amendments provide a $25.0 million line of credit with a revolving period of one year through May 2, 2018. On such date, any outstanding amounts convert to a term loan. The term loan will be repaid in quarterly installments of 3.75% of funded debt for the first two years, 5.00% of funded debt for the next two years, and the remainder due at maturity. Proceeds for this line of credit will be used to make financial investments, for working capital purposes, for general corporate purposes, as well as a $5.0 million sublimit to issue letters of credit. The Company's outstanding balance on this line of credit was zero as of both June 30, 2017 and December 31, 2016.

JMP Securities holds a $20.0 million revolving line of credit with CNB to be used for regulatory capital purposes during its securities underwriting activities. The unused portion of the line bears interest at the rate of 0.25% per annum, paid monthly. On June 6, 2017, JMP Securities entered into an amendment to its Credit Agreement (the "Amendment"). Pursuant to this Amendment, the $20.0 million line of credit was renewed for one year. On June 6, 2018, any existing outstanding amount will convert to a term loan maturing the following year. The remaining terms of this line of credit are consistent with those of the existing line of credit. There was no borrowing on this line of credit as of June 30, 2017 and December 31, 2016.

The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on debt, liens and investments, as well as the maintenance of certain financial covenants. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate the Company's note and require the immediate repayment of any outstanding principal and interest. At both June 30, 2017 and December 31, 2016, the Company was in compliance with the loan covenants. The revolving lines of credit are collateralized by a pledge of the Company's assets, including its interests in each of JMP Securities and HCS.

7 . Asset-backed Securities Issued

CLO I

On May 17, 2007, CLO I completed a $500.0 million aggregate principal amount of notes (the “Notes”) on-balance sheet debt securitization comprised of $455.0 million of secured debt and $45.0 million of unsecured, subordinated notes (“CLO equity”). The Notes would be repaid from the cash flows generated by the loan portfolio owned by CLO I. The Notes were issued in six separate classes as set forth in the table below. The Company owns approximately 94.0% of the unsecured subordinated notes and $13.8 million of Class C, D and E notes ($2.0 million of Class C, $4.1 million of Class D and $7.7 million of Class E notes). These unsecured subordinated notes and the Class C, D and E notes owned by the Company were eliminated upon consolidation of JMP Investment Holdings, and therefore, are not reflected on the Company’s consolidated statement of financial condition at June 30, 2017 and December 31, 2016.

The reinvestment period for CLO I ended in May 2013. Since this date, all scheduled principal payments from the borrowers have been applied to paying down the most senior (AAA) CLO notes. The Company was still permitted to reinvest unscheduled principal payments, which includes most loan payoffs. In the fourth quarter in 2016, the Company made the decision to call the secured notes on CLO I in the first quarter of 2017 and began the process of liquidating the portfolio.

The below table list the notes outstanding as of December 31, 2016. There were no notes outstanding as of June 30, 2017.

(In millions)	As of December 31, 2016			
	Notes Originally Issued	Net Outstanding Balance	Interest Rate Spread to LIBOR	Ratings (Moody's /S&P)
Class A Senior Secured Floating Rate Revolving Notes due 2021	$ 72.2	$ 72.2	0.26% - 0.29%	Aaa/AAA
Class B Senior Secured Floating Rate Notes due 2021	30.0	30.0	0.50%	Aaa/AAA
Class C Senior Secured Deferrable Floating Rate Notes due 2021	35.0	35.0	1.10%	Aaa/AAA
Class D Secured Deferrable Floating Rate Notes due 2021	34.0	34.0	2.40%	Aa1/A+
Class E Secured Deferrable Floating Rate Notes due 2021	30.0	30.0	5.00%	Baa1/BB+
Total secured notes sold to investors	$ 201.2	$ 201.2		
Unsecured subordinated notes due 2021	45.0	45.0		
Total notes for the CLO I offering	$ 246.2	$ 246.2		
Consolidation elimination	N/A	(58.7)		
Total asset-backed securities issued	N/A	$ 187.5		

The secured notes and subordinated notes are limited recourse obligations payable solely from cash flows of the CLO I loan portfolio and related collection and payment accounts pledged as security. Payment on the Class A-1 notes rank equal, or pari-passu, in right of payment with payments on the Class A-2 notes and payment on the Class A-1 and Class A-2 notes rank senior in right of payment to the other secured notes and the subordinated notes. Payment on the Class B, Class C, Class D and Class E notes generally rank subordinate in right of payment to any other class of notes which has an earlier alphabetical designation. The subordinated notes are subordinated in right of payment to all other classes of notes and do not accrue interest. Interest on the secured notes is payable quarterly at a per annum rate equal to LIBOR plus the applicable spread set forth in the table above. Payment of interest on the Class C, Class D and Class E notes was payable only to the extent proceeds are available under the applicable payment priority provisions. To the extent proceeds are not so available, interest on the Class C, Class D and Class E notes will be deferred. As of December 31, 2016, all interest on the secured notes was current. The secured notes are secured by the CLO loan portfolio and the funds on deposit in various related collection and payment accounts. The terms of the debt securitization subject the loans in the CLO loan portfolio to a number of collateral quality, portfolio profile, interest coverage and overcollateralization tests.

The activity in the note principal for the three and six months ended June 30, 2017 and 2016 comprised the following:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Balance at beginning of period	$ -	$ 282,013	$ 187,417	$ 293,457
Repayments	-	(30,320)	(187,417)	(41,764)
Asset-backed securities at end of period	$ -	$ 251,693	$ -	$ 251,693

CLO II

On April 30, 2013, CLO II completed a $343.8 million securitization with $320.0 million in aggregate principal amount of secured notes (the "Secured Notes") and $23.8 million in unsecured subordinated notes (the "Subordinated Notes"). The Secured Notes were issued in multiple tranches and are rated by Standard & Poor's Ratings Services. The Secured Notes are repaid from the cash flows generated by the loan portfolio owned by CLO II. The Company initially owned approximately 72.8% of the Subordinated Notes. In the first quarter of 2014, the Company repurchased $6.0 million of the Subordinated Notes from a third party investor in CLO II, increasing the Company's ownership from 72.8% to 98.0%. The Company repurchased $7.0 million of Class F notes in March 2017. The Subordinated Notes were eliminated upon consolidation, and therefore, are not reflected on the Company's consolidated statement of financial condition at June 30, 2017 and December 31, 2016.

During the second quarter of 2017, the equity holders of CLO II called the notes and began the process of liquidating the portfolio. The below table list the notes outstanding as of December 31, 2016. There were no notes outstanding as of June 30, 2017.

(In millions)	As of December 31, 2016					
	Notes Originally Issued	**Outstanding Principal Balance**	**Issuance Discount**	**Net Outstanding Balance**	**Interest Rate Spread to LIBOR**	**Ratings (S&P)**
Class X Senior Secured Floating Rate Notes due 2016	$ 3.8	$ -	$ -	$ -	1.00%	AAA
Class A Senior Secured Floating Rate Notes due 2023	217.6	217.6	(0.5)	217.1	1.18%	AAA
Class B Senior Secured Floating Rate Notes due 2023	34.0	34.0	(0.2)	33.8	1.75%	AA
Class C Senior Deferrable Floating Rate Notes due 2023	17.0	17.0	(0.4)	16.6	2.75%	A
Class D Senior Deferrable Floating Rate Notes due 2023	18.7	18.7	(1.0)	17.7	3.85%	BBB
Class E Senior Deferrable Floating Rate Notes due 2023	18.7	18.7	(1.6)	17.1	5.25%	BB
Class F Senior Deferrable Floating Rate Notes due 2023	10.2	10.2	(1.2)	9.0	5.75%	B
Total secured notes sold to investors	$ 320.0	$ 316.2	$ (4.9)	$ 311.3		
Unsecured subordinated notes due 2023	23.8	23.8	(0.3)	23.5		
Total notes for the CLO II offering	$ 343.8	$ 340.0	$ (5.2)	$ 334.8		
Consolidation elimination	N/A	(23.8)	0.3	(23.5)		
Total CLO II asset-backed securities issued	N/A	$ 316.2	$ (4.9)	$ 311.3		

The Secured Notes and Subordinated Notes are limited recourse obligations payable solely from cash flows of the CLO II loan portfolio and related collection and payment accounts pledged as security. Payment on the Class X notes rank equal, or pari-passu, in right of payment with payments on the Class A notes and payment on the Class X and Class A notes rank senior in right of payment to the other Secured Notes and the Subordinated Notes. Payment on the Class B, Class C, Class D, Class E and Class F notes generally rank subordinate in right of payment to any other class of notes which has an earlier alphabetical designation. The Subordinated Notes are subordinated in right of payment to all other classes of notes and accrue interest. Interest on the Secured Notes is paid quarterly at a per annum rate equal to LIBOR plus the applicable spread set forth in the table above. Payment of interest on the Class C, Class D, Class E and Class F notes is payable only to the extent proceeds are available under the applicable payment priority provisions. To the extent proceeds are not so available, interest on the Class C, Class D, Class E and Class F notes will be deferred. The Secured Notes are secured by the CLO II loan portfolio and the funds on deposit in various related collection and payment accounts. The terms of the debt securitization subject the loans included in the CLO II loan portfolio to a number of collateral quality, portfolio profile, interest coverage and overcollateralization tests.

The CLO II notes recorded at fair value upon the issuance of CLO II in April 2013 include a discount to par value. As the equity holders called the notes in the second quarter of 2017 the remaining issuance discount of $4.6 million was amortized during the quarter in the gain (loss) repurchase/early retirement of debt line item. The activity in the note principal and issuance discount for the three and six months ended June 30, 2017 and 2016 comprised the following:

(In thousands)	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	Principal	**Issuance Discount**	**Net**	**Principal**	**Issuance Discount**	**Net**
Balance at beginning of period	$ 297,415	$ (4,620)	$ 292,795	$ 316,580	$ (5,705)	$ 310,875
Repayments	(297,415)	-	(297,415)	(380)	-	(380)
Amortization of discount	-	251	251	-	259	259
Loss on early retirement of debt	-	4,369	4,369	-	-	-
Balance at end of period	$ -	$ -	$ -	$ 316,200	$ (5,446)	$ 310,754

(In thousands)	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	Principal	**Issuance Discount**	**Net**	**Principal**	**Issuance Discount**	**Net**
Balance at beginning of period	$ 316,200	$ (4,916)	$ 311,284	$ 316,960	$ (5,960)	$ 311,000
Repayments	(316,200)	-	(316,200)	(760)	-	(760)

Amortization of discount	-	547	547	-	514	514
Loss on early retirement of debt		4,369	4,369	-	-	-
Balance at end of period	$ -	$ -	$ -	$ 316,200	$ (5,446)	$ 310,754

CLO III

On September 30, 2014, CLO III completed a $370.5 million securitization, comprised of $332.1 million aggregate principal amount of secured notes (the "Secured Notes") and $38.4 million of unsecured subordinated notes (the "Subordinated Notes"). The Secured Notes offered in this transaction were issued in multiple tranches and are rated by Moody's Investors Service, Inc. and, in respect of certain tranches, Fitch. The Secured Notes will be repaid from the cash flows generated by the loan portfolio owned by CLO III. The Company owned approximately 46.7% of the Subordinated Notes at June 30, 2017 and December 31, 2016. These Subordinated Notes are eliminated upon consolidation, and therefore, are not reflected on the Company's consolidated statement of financial condition at June 30, 2017 and December 31, 2016.

(In millions)	As of June 30, 2017					
	Notes Originally Issued	**Outstanding Principal Balance**	**Issuance Discount**	**Net Outstanding Balance**	**Interest Rate Spread to LIBOR**	**Ratings (Moody's/Fitch)**
Class A Senior Secured Floating Rate Notes due 2025	$ 228.0	$ 228.0	$ (0.4)	$ 227.6	1.24%	Aaa/AAA
Class B Senior Secured Floating Rate Notes due 2025	41.7	41.7	(0.6)	41.1	1.80%	Aa2/NR
Class C Senior Deferrable Floating Rate Notes due 2025	22.5	22.5	(0.4)	22.1	2.60%	A2/NR
Class D Senior Deferrable Floating Rate Notes due 2025	21.6	21.6	-	21.6	3.90%	Baa3/NR
Class E Senior Deferrable Floating Rate Notes due 2025	18.3	18.3	-	18.3	7.10%	Ba3/NR
Total secured notes sold to investors	$ 332.1	$ 332.1	$ (1.4)	$ 330.7		
Unsecured subordinated notes due 2025	38.4	38.4	(4.5)	33.9		
Total notes for the CLO III offering	$ 370.5	$ 370.5	$ (5.9)	$ 364.6		
Consolidation elimination	N/A	(38.4)	4.5	(33.9)		
Total CLO III asset-backed securities issued	N/A	$ 332.1	$ (1.4)	$ 330.7		

(In millions)	As of December 31, 2016					
	Notes Originally Issued	**Outstanding Principal Balance**	**Issuance Discount**	**Net Outstanding Balance**	**Interest Rate Spread to LIBOR**	**Ratings (Moody's/Fitch)**
Class A Senior Secured Floating Rate Notes due 2025	$ 228.0	$ 228.0	$ (0.5)	$ 227.5	1.53%	Aaa/AAA
Class B Senior Secured Floating Rate Notes due 2025	41.7	41.7	(0.7)	41.0	2.05%	Aa2/NR
Class C Senior Deferrable Floating Rate Notes due 2025	22.5	22.5	(0.5)	22.0	2.90%	A2/NR
Class D Senior Deferrable Floating Rate Notes due 2025	21.6	21.6	-	21.6	5.10%	Baa3/NR
Class E Senior Deferrable Floating Rate Notes due 2025	18.3	18.3	-	18.3	7.35%	Ba3/NR
Total secured notes sold to investors	$ 332.1	$ 332.1	$ (1.7)	$ 330.4		
Unsecured subordinated notes due 2025	38.4	38.4	(4.5)	33.9		
Total notes for the CLO III offering	$ 370.5	$ 370.5	$ (6.2)	$ 364.3		
Consolidation elimination	N/A	(38.4)	4.5	(33.9)		
Total CLO III asset-backed securities issued	N/A	$ 332.1	$ (1.7)	$ 330.4		

The Secured Notes and Subordinated Notes are limited recourse obligations payable solely from cash flows of the CLO III loan portfolio and related collection and payment accounts pledged as security. Payment on the Class A notes rank senior in right of payment with payments on the Class B notes and payment on the Class A and Class B notes rank senior in right of payment to the other Secured Notes and the Subordinated Notes. Payment on the Class C, Class D and Class E notes generally rank subordinate in right of payment to any other class of notes which has an earlier alphabetical designation. The Subordinated Notes are subordinated in right of payment to all other classes of notes and accrue interest. Interest on the Secured Notes is paid quarterly at a per annum rate equal to LIBOR plus the applicable spread set forth in the table above. Payment of interest on the Class C, Class D and Class E notes is payable only to the extent proceeds are available under the applicable payment priority provisions. To the extent proceeds are not so available, interest on the Class C, Class D and Class E notes will be deferred. The Secured Notes are secured by the CLO III loan portfolio and the funds on deposit in various related collection and payment accounts. The terms of the debt securitization subject the loans included in the CLO III loan portfolio to a number of collateral quality, portfolio profile, interest coverage and overcollateralization tests.

The Notes were recorded at fair value upon the issuance of CLO III in September 2014, and include a discount to par value. The activity in the note principal and purchase discount for the three and six months ended June 30, 2017 and 2016 comprised the following:

(In thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016

	Principal	Issuance Discount	Net	Principal	Issuance Discount	Net
Balance at beginning of period	$ 332,100	$ (1,552)	$ 330,548	$ 332,100	$ (2,044)	$ 330,056
Amortization of discount	-	125	125	-	122	122
Balance at end of period	$ 332,100	$ (1,427)	$ 330,673	$ 332,100	$ (1,922)	$ 330,178

(In thousands)	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	Principal	Issuance Discount	Net	Principal	Issuance Discount	Net
Balance at beginning of period	$ 332,100	$ (1,676)	$ 330,424	$ 332,100	$ (2,165)	$ 329,935
Amortization of discount	-	249	249	-	243	243
Balance at end of period	$ 332,100	$ (1,427)	$ 330,673	$ 332,100	$ (1,922)	$ 330,178

CLO IV

On June 29, 2017, CLO IV completed a $456.9 million securitization, comprised of $414.0 million aggregate principal amount of secured notes (the "Secured Notes") and $42.9 million of unsecured subordinated notes (the "Subordinated Notes"). The Secured Notes offered in this transaction were issued in multiple tranches and are rated by Moody's Investors Service, Inc. and, in respect of certain tranches, Fitch. The Secured Notes will be repaid from the cash flows generated by the loan portfolio owned by CLO IV. The Company owned 100% of the Subordinated Notes at June 30, 2017. These Subordinated Notes are eliminated upon consolidation, and therefore, are not reflected on the Company's consolidated statement of financial condition at June 30, 2017.

(In millions)	As of June 30, 2017					
	Notes Originally Issued	Outstanding Principal Balance	Issuance Discount	Net Outstanding Balance	Interest Rate Spread to LIBOR	Ratings (Moody's/Fitch)
Class A Senior Secured Floating Rate Notes due 2025	$ 285.8	$ 285.8	$ -	$ 285.8	1.37%	Aaa/AAA
Class B Senior Secured Floating Rate Notes due 2025	54.0	54.0	(0.2)	53.8	1.90%	Aa2/NR
Class C Senior Deferrable Floating Rate Notes due 2025	27.0	27.0	(0.3)	26.7	2.65%	A2/NR
Class D Senior Deferrable Floating Rate Notes due 2025	24.8	24.8	(0.6)	24.2	4.15%	Baa3/NR
Class E Senior Deferrable Floating Rate Notes due 2025	22.4	22.4	(0.9)	21.5	6.80%	Ba3/NR
Total secured notes sold to investors	$ 414.0	$ 414.0	$ (2.0)	$ 412.0		
Unsecured subordinated notes due 2025	42.9	42.9	(3.8)	39.1		
Total notes for the CLO IV offering	$ 456.9	$ 456.9	$ (5.8)	$ 451.1		
Consolidation elimination	N/A	(42.9)	3.8	(39.1)		
Total CLO IV asset-backed securities issued	N/A	$ 414.0	$ (2.0)	$ 412.0		

The Secured Notes and Subordinated Notes are limited recourse obligations payable solely from cash flows of the CLO IV loan portfolio and related collection and payment accounts pledged as security. Payment on the Class A notes rank senior in right of payment with payments on the Class B notes and payment on the Class A and Class B notes rank senior in right of payment to the other Secured Notes and the Subordinated Notes. Payment on the Class C, Class D and Class E notes generally rank subordinate in right of payment to any other class of notes which has an earlier alphabetical designation. The Subordinated Notes are subordinated in right of payment to all other classes of notes and accrue interest. Interest on the Secured Notes is paid quarterly at a per annum rate equal to LIBOR plus the applicable spread set forth in the table above. Payment of interest on the Class C, Class D and Class E notes is payable only to the extent proceeds are available under the applicable payment priority provisions. To the extent proceeds are not so available, interest on the Class C, Class D and Class E notes will be deferred. The Secured Notes are secured by the CLO IV loan portfolio and the funds on deposit in various related collection and payment accounts. The terms of the debt securitization subject the loans included in the CLO IV loan portfolio to a number of collateral quality, portfolio profile, interest coverage and overcollateralization tests.

The Notes were recorded at fair value upon the issuance of CLO IV in June 2017, and include a discount to par value. The activity in the note principal and purchase discount for the three and six months ended June 30, 2017 comprised the following:

(In thousands)	Three Months Ended June 30, 2017			Six Months Ended June 30, 2017		
	Principal	Issuance Discount	Net	Principal	Issuance Discount	Net
Balance at beginning of period	$ -	$ -	$ -	$ -	$ -	$ -
CLO IV issuance	414,000	(1,990)	412,010	414,000	(1,990)	412,010
Balance at end of period	$ 414,000	$ (1,990)	$ 412,010	$ 414,000	$ (1,990)	$ 412,010

Interest on Asset Backed Securities

Total interest expense related to the asset-backed securities issued for the three and six months ended June 30, 2017 was $11.4 million and $17.6 million, which comprised of a cash coupon of $5.1 million and $10.6 million, and issuance discount amortization of $6.3 million and $7.0 million. Total interest expense related to the asset-backed securities issued for the three and six months ended June 30, 2016 was $6.3 million and $12.4 million, which comprised of a cash coupon of $5.9 million and $11.2 million, and issuance discount amortization of $0.6 million and $1.2 million. As of June 30, 2017 and December 30, 2016, accrued interest payable on the Notes was $2.2 million and $4.6 million, respectively.

Fair Value of Asset Backed Securities

The Company determined the fair value of asset-backed securities issued to be $744.1 million and $831.9 million as of June 30, 2017 and December 31, 2016, respectively, based upon pricing from published market research for equivalent-rated CLO notes. Based on the fair value methodology, the Company has identified the asset-backed securities issued as Level 2 liabilities.

8 . Share holders' Equity

Share Repurchase Program

On February 13, 2017, with the previous authorization expired, our board of directors authorized the repurchase of 1,000,000 shares through December 31, 2017. During the three and six months ended June 30, 2017, the Company repurchased 74,532 of the Company's shares at an average price of $5.39 per share for an aggregate purchase price of $0.4 million on the open market.

The timing and amount of any future open market share repurchases will be determined by the Company's management based on its evaluation of market conditions, the relative attractiveness of other capital deployment activities, regulatory considerations and other factors. Any open market share repurchase activities will be conducted in compliance with the safe harbor provisions of Rule 10b-18 of the Exchange Act, or in privately negotiated transactions. Repurchases of common shares may also be made under an effective Rule 10b5-1 plan which permits common shares to be repurchased when the Company may otherwise be prohibited from doing so under insider trading laws. This repurchase program may be suspended or discontinued at any time.

9 . Share-Based Compensation

The JMP Group LLC Amended and Restated Equity Incentive Plan ("JMP Group Plan") authorized the issuance of 4,000,000 common shares. This amount is increased by any shares JMP Group LLC purchases on the open market, or through any share repurchase or share exchange program, as well as any shares that may be returned to the JMP Group Plan or the JMP Group LLC 2004 Equity Incentive Plan ("JMP Group 2004 Plan") as a result of forfeiture, termination or expiration of awards, not to exceed a maximum aggregate number of shares of 2,960,000 shares under the JMP Group 2004 Plan. The Company will issue shares upon exercises or vesting from authorized but unissued shares or from treasury shares.

Share Options

The following table summarizes the share option activity for the six months ended June 30, 2017:

	Six Months Ended June 30, 2017	
	Shares Subject to Option	Weighted Average Exercise Price
Balance, beginning of year	2,710,000	$ 6.53
Exercised	(145,000)	6.24
Balance, end of period	2,565,000	$ 6.54
Options exercisable at end of period	2,565,000	$ 6.54

The following table summarizes the share options outstanding as well as share options vested and exercisable as of June 30, 2017:

	June 30, 2017							
	Options Outstanding				Options Vested and Exercisable			
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value	Number Exercisable	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value
$6.05 - $7.33	2,565,000	2.01	$ 6.54	$ -	2,565,000	2.01	$ 6.54	-

The Company recognizes share-based compensation expense for share options over the vesting period using the straight-line method. The Company recognized compensation expense related to share options of zero and $0.2 million for the three months ended June 30, 2017 and 2016, respectively. The Company recognized compensation expense related to share options of $0.1 million and $0.4 million for the six months ended June 30, 2017 and 2016, respectively.

As of June 30, 2017, there was no unrecognized compensation expense related to share options.

The Company recognized current income tax benefits of $0.3 million and $0.6 million from the exercise of share options during the three and six months ended June 30, 2017, respectively. There were no share options exercised during the six months ended June 30, 2016. As a result, the Company did not recognize any current income tax benefits from the exercise of share options during this period.

The Company uses the Black-Scholes option-pricing model or other quantitative models to calculate the fair value of option awards.

Restricted Share Units and Restricted Shares

On February 7, 2017, the Company granted approximately 117,000 RSUs to certain employees of the Company as part of the 2016 deferred compensation program. 50% of these units will vest on December 1, 2017 and the remaining 50% will vest on December 1, 2018, subject to the grantees' continued employment through such dates. In addition, the Company granted approximately 153,000 RSUs to certain employees for long-term incentive purposes. 50% of these units will vest on December 1, 2017, and the remaining 50% will vest on December 1, 2018. The vested shares will be restricted from sale or transfer until December 1, 2019. On March 16, 2017, approximately 58,000 RSUs were granted to Company's independent directors. These RSUs have a requisite service period of one to three years.

The following table summarizes RSU activity for the six months ended June 30, 2017:

	Six Months Ended June 30, 2017	
	Restricted Share Units	Weighted Average Grant Date Fair Value
Balance, beginning of year	646,558	$ 5.14
Granted	389,915	5.89
Vested	(94,427)	6.94
Forfeited	(31,071)	4.10
Balance, end of period	910,975	$ 5.30

The aggregate fair value of RSUs vested during both the three months ended June 30, 2017 and 2016 were $0.1 million, respectively. The aggregate fair value of RSUs vested during the six months ended June 30, 2017 and 2016 were $0.6 million and $0.1 million, respectively.

For the three months ended June 30, 2017 and 2016, the income tax benefits realized from the vested RSUs were $0.2 million and $27 thousand, respectively. For the six months ended June 30, 2017 and 2016, the income tax benefits realized from the vested RSUs were $0.3 million and $41 thousand, respectively.

The Company recognizes compensation expense for RSUs over the vesting period using the accelerated attribution method when they are subject to graded vesting and on a straight-line basis when they are subject to cliff vesting. For the three months ended June 30, 2017 and 2016, the Company recorded compensation expenses of $0.9 million and $1.0 million for RSUs, respectively. For the six months ended June 30, 2017 and 2016, the Company recorded compensation expenses of $1.6 million and $2.0 million for RSUs, respectively.

For the three months ended June 30, 2017 and 2016, the Company recognized income tax benefits of $34 thousand and $0.5 million, respectively, related to the compensation expense recognized for RSUs. For the six months ended June 30, 2017 and 2016, the Company recognized income tax benefits of $0.3 million and $0.9 million, respectively, related to the compensation expense recognized for RSUs. As of June 30, 2017, there was $2.0 million of unrecognized compensation expense related to RSUs expected to be recognized over a weighted average period of 1.00 years.

The Company pays cash distribution equivalents on certain unvested RSUs. Distribution equivalents paid on RSUs are generally charged to retained earnings. Distribution equivalents paid on RSUs expected to be forfeited are included in compensation expense. The Company accounts for the tax benefit related to distribution equivalents paid on RSUs as an increase in additional paid-in capital.

Share Appreciation Rights

The following table summarizes the SARs activity for the six months ended June 30, 2017:

	Six Months Ended June 30, 2017	
	Share Appreciation Rights	Weighted Average Exercise Price
Balance, beginning of year	2,580,000	$ 7.33
Forfeited	(95,000)	7.33
Balance, end of period	2,485,000	$ 7.33

The following table summarizes the share options outstanding as well as share options vested and exercisable as of June 30, 2017:

	June 30, 2017			
	Options Outstanding			
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Aggregate Intrinsic Value
$7.33 - $7.33	2,485,000	2.50	$ 7.33	$ -

The Company recognizes compensation expense for SARs over the vesting period, through monthly mark to market of adjustments to the liability award. For the three months ended June 30, 2017 and 2016, the Company recorded SARs compensation benefit of $0.3 million and expense of $0.2 million, respectively. For the six months ended June 30, 2017 and 2016, the Company recorded SARs compensation benefit of $0.3 million and $0.1 million, respectively.

For the three months ended June 30, 2017 and 2016, the Company recognized income tax benefit of $0.1 million and income tax benefit of $62 thousand, respectively, related to the compensation expense and reversal recognized for SARs. For the six months ended June 30, 2017 and 2016, the Company recognized income tax benefit of $0.1 million and income tax benefit of $46 thousand, respectively, related to the compensation expense and reversal recognized for SARs. As of June 30, 2017, there was $0.1 million of unrecognized compensation expense related to SARs expected to be recognized over a weighted average period of 0.50 years.

10. Net Income (Loss) per Common Share

Basic net income (loss) per share for the Company is calculated by dividing net income (loss) by the weighted average number of common shares outstanding for the reporting period. Diluted net income (loss) per share is calculated by adjusting the weighted average number of outstanding shares to reflect the potential dilutive impact as if all potentially dilutive share options or RSUs were exercised or converted under the treasury share method. However, for periods that the Company has a net loss, the effect of outstanding share options or RSUs is anti-dilutive and, accordingly, is excluded from the calculation of diluted loss per share.

The computations of basic and diluted net income per share for the quarters and six months ended June 30, 2017 and 2016 are shown in the tables below:

(In thousands, except per share data)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Numerator:				
Net income (loss) attributable to JMP Group, LLC	$ (8,535)	$ (327)	$ (13,275)	$ 1,476
Denominator:				
Basic weighted average shares outstanding	21,652	21,058	21,612	21,204
Effect of potential dilutive securities:				
Restricted share units	-	-	-	562
Diluted weighted average shares outstanding	21,652	21,058	21,612	21,766
Net income (loss) per share				
Basic	$ (0.39)	$ (0.02)	$ (0.61)	$ 0.07
Diluted	$ (0.39)	$ (0.02)	$ (0.61)	$ 0.07

In the table above, for the quarter ended June 30, 2016, unvested non-forfeitable RSUs that have distribution equivalent rights are treated as a separate class of securities in calculating net income per share. There was no impact of applying this methodology to the basic net income per share of zero for the quarter.

Share options to purchase 2,565,000 and 2,716,978 shares of common shares for the quarters ended June 30, 2017 and 2016, respectively, were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding. Share options to purchase 2,608,035 and 2,748,132 shares of common shares for the six months ended June 30, 2017 and 2016, respectively, were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding.

Restricted share units for 455,150 and 1,541,602 shares of common share for the quarters ended June 30, 2017 and 2016, respectively, were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding. Restricted share units for 393,879 and 327,045 shares of common share for the six months ended June 30, 2017 and 2016, respectively, were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding.

11. Employee Benefits

All full-time employees of the Company are eligible to participate in the JMP Group 401(k) Plan after three months of employment. Participants may contribute up to the limits set by the U.S. Internal Revenue Service. The Company contributes a match of 100% of each participant's contributions to the JMP Group 401(k) Plan up to a maximum of 3% of the participant's compensation plus 50% of the participant's elective deferrals between 3% and 5%. All participants are immediately vested 100% on matched contributions. The Company recorded JMP Group 401(k) Plan matching expense of $0.2 million and $0.3 million for three months ended June 30, 2017 and 2016, respectively. The Company recorded JMP Group 401(k) Plan matching expense of $1.1 million for both the six months ended June 30, 2017 and 2016.

12. Income Taxes

JMP Group LLC qualifies as a publicly traded partnership taxable as a partnership for United States federal income tax purposes. The consolidated entities of the Company consist of wholly-owned corporate subsidiaries and entities treated as partnerships for U.S. income tax purposes. Income earned by the corporate subsidiaries is subject to U.S. federal and state income taxation. Income earned by the non-corporate subsidiaries is not subject to U.S. federal and state corporate income tax. These amounts are allocated to JMP Group LLCs' partners.

For both the three months ended June 30, 2017 and 2016, the Company recorded income tax benefit of $0.2 million. For the six months ended June 30, 2017 and 2016, the Company recorded income tax benefit of $1.3 million and $0.2 million, respectively. The effective tax rates were (11.35) % and (6.0) % for the three months ended June 30, 2017 and 2016, respectively. The effective tax rates were 9.41% and (4.5) % for the six months ended June 30, 2017 and 2016, respectively

For financial reporting purposes, the Company's effective tax rate used for the interim periods is based on the estimated full-year income tax rate. The effective tax rate differs from the statutory rate primarily due to the following: (i) a portion of the reported pre-tax income is attributable to non-controlling interests held in the Company's consolidated entities by third parties, and (ii) a significant portion of pre-tax income/(loss) is from qualifying sources that are generated by certain flow through entities within the Company. These amounts are excluded from the computation of corporate income tax.

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740, Income Taxes, and are determined based upon the temporary differences between the financial reporting and tax basis of the Company's assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse.

13 . Commitments and Contingencies

The Company leases office space in California, Illinois, Georgia, Massachusetts, Minnesota, New York, and Florida under various operating leases. Occupancy expense for the quarters ended June 30, 2017 and 2016 was $1.1 million and $0.9 million, respectively. The Company recorded sublease income of $49 thousand and $0.1 million for the quarters ended June 30, 2017 and 2016, respectively. Occupancy expense for the six months ended June 30, 2017 and 2016 was $2.2 million and $1.9 million, respectively. The Company recorded sublease income of $0.1 million for both the six months ended June 30, 2017 and 2016. The California, Illinois, Minnesota and New York leases included a period of free rent at the start of the lease. Rent expense is recognized over the entire lease period uniformly net of the free rent savings. The aggregate minimum future commitments of these leases are:

(In thousands)	Minimum Future Lease Commitments
Year Ending December 31,	
2017	$ 2,367
2018	4,787
2019	3,984
2020	2,568
2021	2,553
Thereafter	10,020
Total Lease Commitments	$ 26,279

In connection with its underwriting activities, JMP Securities enters into firm commitments for the purchase of securities in return for a fee. These commitments require JMP Securities to purchase securities at a specified price. Securities underwriting exposes JMP Securities to market and credit risk, primarily in the event that, for any reason, securities purchased by JMP Securities cannot be distributed at anticipated price levels. Settlement of transactions relating to such underwriting commitments, which were open at June 30, 2017 and December 31, 2016, had no material effect on the consolidated financial statements.

The marketable securities owned and the restricted cash, as well as the cash held by the clearing broker, may be used to maintain margin requirements. The Company had $0.3 million of cash on deposit with JMP Securities' clearing broker at both June 30, 2017 and December 31, 2016. Furthermore, the marketable securities owned may be hypothecated or borrowed by the clearing broker.

Unfunded commitments are agreements to lend to a borrower, provided that all conditions have been met. The Company had unfunded commitments to lend $47.1 million as of June 30, 2017. As of December 31, 2016, the Company had sold unfunded commitments of $20.7 million that had not yet settled. The Company had sold unfunded commitments of $34.0 million as of December 31, 2016, related to commitments sold but not yet closed in CLO I. $2.9 million of the unfunded commitments as of December 31, 2016, relate to commitments traded but not yet closed in CLO II. $14.4 million and $7.8 million of the unfunded commitments as of June 30, 2017 and December 31, 2016, respectively, relate to commitments traded but not yet closed in CLO III. $32.7 million of the unfunded commitments as of June 30, 2017 relate to commitments traded but not yet closed in CLO IV. The Company determined the fair value of the unfunded commitments to be $47.5 million as of June 30, 2017, using the average market bid and ask quotation obtained from a loan pricing service. The Company determined the fair value of the sold unfunded commitments, not yet settled, to be $18.5 million as of December 31, 2016, using the average market bid and ask quotation obtained from a loan pricing service.

14 . Regulatory Requirements

JMP Securities is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. JMP Securities had net capital of $18.4 million and $29.7 million, which were $17.4 million and $28.6 million in excess of the required net capital of $1.0 million and $1.1 million at June 30, 2017 and December 31, 2016, respectively. JMP Securities' ratio of aggregate indebtedness to net capital was 0.76 to 1 and 0.56 to 1 at June 30, 2017 and December 31, 2016, respectively.

Since all customer transactions are cleared through another broker-dealer on a fully disclosed basis, JMP Securities is not required to maintain a separate bank account for the exclusive benefit of customers in accordance with Rule 15c3-3 under the Exchange Act.

15 . Related Party Transactions

The Company earns base management fees and incentive fees from serving as investment advisor for various entities, including corporations, partnerships limited liability companies, and offshore investment companies. The Company also owns an investment in most of such affiliated entities. As of June 30, 2017 and December 31, 2016, the aggregate fair value of the Company's investments in the affiliated entities for which the Company serves as the investment advisor was $27.2 million and $27.8 million, respectively, which consisted of investments in hedge and other private funds of $17.2 million and $17.3 million, respectively, and an investment in HCC common stock of $10.0 million and $10.5 million, respectively. Base management fees earned from these affiliated entities were $4.1 million for both the quarters ended June 30, 2017 and 2016. Base management fees earned from these affiliated entities were $8.1 million and $8.3 million for the six months ended June 30, 2017 and 2016, respectively. Also, the Company earned incentive fees of $0.1 million and $1.0 million, from these affiliated entities for the three months ended June 30, 2017 and 2016, respectively. The Company earned incentive fees of $1.9 million and $6.2 million, from these affiliated entities for the six months ended June 30, 2017 and 2016, respectively. As of June 30, 2017 and December 31, 2016, the Company had incentive fees receivable from these affiliated entities of $2 thousand and $0.5 million, respectively.

16 . Guarantees

JMP Securities has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the accounts of customers introduced by JMP Securities. Should a customer not fulfill its obligation on a transaction, JMP Securities may be required to buy or sell securities at prevailing market prices in the future on behalf of its customer. JMP Securities' obligation under the indemnification has no maximum amount. All unsettled trades at June 30, 2017 and December 31, 2016 have subsequently settled with no resulting material liability to the Company. For the three and six months ended June 30, 2017 and 2016, the Company had no material loss due to counterparty failure, and has no obligations outstanding under the indemnification arrangement as of June 30, 2017 or December 31, 2016.

The Company is engaged in various investment banking and brokerage activities whose counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

17 . Litigation

The Company may be involved from to time in a number of judicial, regulatory, litigation and arbitration matters arising in connection with the business. The outcome of such matters the Company has been and/or currently is involved in cannot be determined at this time, and the results cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on the results of operations in any future period and a significant outcome could have a material adverse impact on the Company's financial condition, results of operations and cash flows.

The Company reviews the need for any loss contingency reserves and establish reserves when, in the opinion of management, it is probable that a matter would result in liability and the amount of loss, if any, can be reasonably estimated. Generally, given the inherent difficulty of predicting the outcome of matters the Company is involved in, particularly cases in which claimants seek substantial or indeterminate damages, it is not possible to determine whether a liability has been incurred or to reasonably estimate the ultimate or minimum amount of that liability until the case is close to resolution. For these matters, no reserve is established until such time, other than for reasonably estimable legal fees and expenses. Management, after consultation with legal counsel, believes that the currently known actions or threats will not result in any material adverse effect on the Company's financial condition, results of operations or cash flows.

18 . Financial Instruments with Off-Balance Sheet Risk, Credit Risk or Market Risk

The majority of the Company's transactions, and consequently the concentration of its credit exposure, is with its clearing broker. The clearing broker is also a significant source of short-term financing for the Company, which is collateralized by cash and securities owned by the Company and held by the clearing broker. The Company's securities owned may be pledged by the clearing broker. The receivable from the clearing broker represents amounts receivable in connection with the trading of proprietary positions.

The Company is also exposed to credit risk from other brokers, dealers and other financial institutions with which it transacts business. In the event that counterparties do not fulfill their obligations, the Company may be exposed to credit risk.

The Company's trading activities include providing securities brokerage services to institutional clients. To facilitate these customer transactions, the Company purchases proprietary securities positions ("long positions") in equity securities. The Company also enters into transactions to sell securities not yet purchased ("short positions"), which are recorded as liabilities on the Consolidated Statements of Financial Condition. The Company is exposed to market risk on these long and short securities positions as a result of decreases in market value of long positions and increases in market value of short positions. Short positions create a liability to purchase the security in the market at prevailing prices. Such transactions result in off-balance sheet market risk as the Company's ultimate obligation to satisfy the sale of securities sold, but not yet purchased, may exceed the amount recorded in the Consolidated Statements of Financial Condition. To mitigate the risk of losses, these securities positions are marked to market daily and are monitored by management to assure compliance with limits established by the Company.

In connection with the CLOs, the Company is party to financial instruments with off-balance sheet risk in the normal course of business to meet the financing needs of its customers. These financial instruments include unfunded commitments to lend and standby letters of credit. The instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized in the consolidated balance sheet of the Company.

Unfunded commitments are agreements to lend to a borrower, provided that all conditions have been met. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each borrower's creditworthiness on a case by case basis.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a borrower to a third party. The Company's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to borrowers. The Company had unfunded commitments to lend $47.1 million as of June 30, 2017. The Company had sold unfunded commitments of $20.7 million as of December 31, 2016 that had not yet settled. The Company had sold unfunded commitments of $34.0 million as of December 31, 2016, related to commitments sold but not yet closed in CLO I. $2.9 million of the unfunded commitments as of December 31, 2016, relate to commitments traded but not yet closed in CLO II. $14.4 million and $7.8 million of the unfunded commitments as of June 30, 2017 and December 31, 2016, respectively, relate to commitments traded but not yet closed in CLO III. $32.7 million of the unfunded commitments as of June 30, 2017 relate to commitments traded but not yet closed in CLO IV. The Company determined the fair value of the unfunded commitments to be $47.5 million as of June 30, 2017, using the average market bid and ask quotation obtained from a loan pricing service. The Company determined the fair value of the sold unfunded commitments, not yet settled, to be $18.5 million as of December 31, 2016, using the average market bid and ask quotation obtained from a loan pricing service.

19. Business Segments

The Company's business results are categorized into the following three business segments: Broker-Dealer, Asset Management, and Corporate. The Broker-Dealer segment includes a broad range of services, such as underwriting and acting as a placement agent for public and private capital markets raising transactions and financial advisory services in M&A, restructuring and other strategic transactions. The Broker-Dealer segment also includes institutional brokerage services and equity research services to our institutional investor clients. The Asset Management segment includes the management of a broad range of pooled investment vehicles, including the Company's hedge funds, private equity funds, hedge funds of funds, and collateralized loan obligations. The Corporate segment includes income from the Company's principal investments in public and private securities and investment funds managed by HCS, as well as any other net interest and income from investing activities. The Corporate segment also includes expenses related to JMP Group LLC, JMP Holding LLC and JMP Group Inc., and is mainly comprised of corporate overhead expenses and interest expense related to the Company's bond issuance.

Management uses operating net income as a key metric when evaluating the performance of JMP Group's core business strategy and ongoing operations. This measure adjusts the Company's net income as follows: (i) reverses non-cash share-based compensation expense related to historical equity awards granted in prior periods, (ii) recognizes 100% of the cost of deferred compensation in the period for which such compensation was awarded, instead of recognizing such cost over the vesting period as required under GAAP, (iii) reverses amortization expense related to an intangible asset resulting from the repurchase of a portion of the equity of JMP Credit Advisors CLO III; (iv) reverses depreciation and amortization expense related to commercial real estate investments; (v) reverses net unrealized gains and losses on strategic equity investments and warrants, (v) excludes general loan loss reserves on the CLOs, (vii) presents revenues and expenses on a basis that deconsolidates HCAP Advisors and the CLOs, (v) reverses the one-time expense associated with the contribution of the remaining assets in JMP Credit Advisors CLO II to newly formed JMP Credit Advisors CLO IV, and (vi) the one-time transaction costs related to the refinancing of the debt issued by JMP Credit Advisors CLO III; and the resulting acceleration of the amortization of remaining capitalized issuance costs. These charges may otherwise obscure the Company's operating income and complicate an assessment of the Company's core business activities. The operating pre-tax net income facilitates a meaningful comparison of the Company's results in a given period to those in prior and future periods.

The Company’s segment information for the quarters and six months ended June 30, 2017 and 2016 was prepared using the following methodology:

- Revenues and expenses directly associated with each segment are included in determining segment operating income.
- Revenues and expenses not directly associated with a specific segment are allocated based on the most relevant measures applicable, including revenues, headcount and other factors.
- Each segment’s operating expenses include: a) compensation and benefits expenses that are incurred directly in support of the segments and b) other operating expenses, which include expenses for premises and occupancy, professional fees, travel and entertainment, communications and information services, equipment and indirect support costs (including compensation and other operating expenses related thereto) for administrative services.
- Assets directly associated with each segment are allocated to the respective segment. One exception is depreciable assets, which are held at the Corporate segment. The associated depreciation is allocated to the related segment.

Segment Operating Results

Management believes that the following information provides a reasonable representation of each segment’s contribution to revenues, income and assets:

(In thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Broker-Dealer				
Non-interest revenues	$ 24,206	$ 14,186	$ 43,096	$ 38,577
Total net revenues after provision for loan losses	$ 24,206	$ 14,186	$ 43,096	$ 38,577
Non-interest expenses	22,458	16,306	41,019	38,305
Segment operating pre-tax net income	$ 1,748	$ (2,120)	$ 2,077	$ 272
Segment assets	$ 57,491	$ 68,539	$ 57,491	$ 68,539
Asset Management				
Non-interest revenues	$ 4,856	$ 6,246	$ 10,167	$ 16,422
Total net revenues after provision for loan losses	$ 4,856	$ 6,246	$ 10,167	$ 16,422
Non-interest expenses	5,303	5,855	10,398	15,297
Segment operating pre-tax net income	$ (447)	$ 391	$ (231)	$ 1,125
Segment assets	$ 19,324	$ 30,750	$ 19,324	$ 30,750
Corporate				
Non-interest revenues	$ 2,128	$ 8,090	$ 5,627	$ 9,093
Net interest income	940	2,003	955	4,374
Provision for loan losses	(409)	(824)	(1,822)	(812)
Total net revenues after provision for loan losses	$ 2,659	$ 9,269	$ 4,760	$ 12,655
Non-interest expenses	3,634	6,250	8,918	10,549
Segment operating pre-tax net income	$ (975)	$ 3,019	$ (4,158)	$ 2,106
Segment assets	$ 1,245,922	1,449,167	$ 1,245,922	$ 1,449,167
Eliminations				
Non-interest revenues	$ (722)	$ (1,298)	$ (1,763)	$ (2,635)
Total net revenues after provision for loan losses	$ (722)	$ (1,298)	$ (1,763)	$ (2,635)
Non-interest expenses	(722)	(1,298)	(1,763)	(2,635)
Segment operating pre-tax net loss	$ -	$ -	$ -	$ -
Segment assets	$ (322,759)	$ (342,751)	$ (322,759)	$ (342,751)
Total Segments				
Non-interest revenues	$ 30,468	$ 27,224	$ 57,127	$ 61,457
Net interest income	940	2,003	955	4,374
Provision for loan losses	(409)	(824)	(1,822)	(812)
Total net revenues after provision for loan losses	$ 30,999	$ 28,403	$ 56,260	$ 65,019
Non-interest expenses	30,673	27,113	58,572	61,516
Segment operating pre-tax net income	$ 326	$ 1,290	$ (2,312)	$ 3,503
Total assets	$ 999,978	$ 1,205,705	$ 999,978	$ 1,205,705

The following tables reconcile the total segments to consolidated net income before income tax expense and total assets as of and for the three and six months ended June 30, 2017 and 2016.

(In thousands)	As of and Three Months Ended June 30, 2017				As of and Three Months Ended June 30, 2016			
	Total Segments	Consolidation Adjustments and Reconciling Items		JMP Consolidated	Total Segments	Consolidation Adjustments and Reconciling Items		JMP Consolidated
Non-interest revenues	$ 30,468	$ (1,882)	(a)	$ 28,586	$ 27,224	$ (1,062)	(a)	$ 26,162
Net Interest Income	940	1,013	(b)	1,953	2,003	2,011	(b)	4,014
Gain (loss) repurchase/early retirement of debt	-	(5,542)		(5,542)	-	-		-
Provision for loan losses	(409)	(1,445)		(1,854)	(824)	371		(453)
Total net revenues after provision for loan losses	$ 30,999	$ (7,856)		$ 23,143	$ 28,403	$ 1,320		$ 29,723
Non-interest expenses	30,673	868	(c)	31,541	27,113	1,524	(c)	28,637
Noncontrolling interest	-	335		335	-	1,659		1,659
Operating pre-tax net income (loss)	$ 326	$ (9,059)	(d)	$ (8,733)	$ 1,290	$ (1,863)	(d)	$ (573)
Total assets	$ 999,978	$ -		$ 999,978	$ 1,205,705	$ -		$ 1,205,705

(In thousands)	As of and Six Months Ended June 30, 2017				As of and Six Months Ended June 30, 2016			
	Total Segments	Consolidation Adjustments and Reconciling Items		JMP Consolidated	Total Segments	Consolidation Adjustments and Reconciling Items		JMP Consolidated
Non-interest revenues	$ 57,127	$ (4,079)	(a)	$ 53,048	$ 61,457	$ (535)	(a)	$ 60,922
Net Interest Income	955	1,970	(b)	2,925	4,374	4,066	(b)	8,440
Gain (loss) repurchase/early retirement of debt	-	(5,332)		(5,332)	-	-		-
Provision for loan losses	(1,822)	(1,298)		(3,120)	(812)	(272)		(1,084)
Total net revenues after provision for loan losses	$ 56,260	$ (8,739)		$ 47,521	$ 65,019	$ 3,259		$ 68,278
Non-interest expenses	58,572	2,574	(c)	61,146	61,516	2,394	(c)	63,910
Noncontrolling interest	-	932		932	-	3,088		3,088
Operating pre-tax net income (loss)	$ (2,312)	$ (12,245)	(d)	$ (14,557)	$ 3,503	$ (2,223)	(d)	$ 1,280
Total assets	$ 999,978	$ -		$ 999,978	$ 1,205,705	$ -		$ 1,205,705

(a) Non-interest revenue adjustments is comprised of loan sale gains, mark-to-market gains/losses, strategic equity investments and warrants, and fund-related revenues recognized upon consolidation of certain Harvest Funds.
(b) The Net Interest Income adjustment is comprised of the non-cash net amortization of liquidity discounts at the CLOs, due to scheduled contractual repayments, and amortization expense related to an intangible asset.
(c) Non-interest expense adjustments relate to reversals of share-based compensation and exclusion of fund-related expenses recognized upon consolidation of certain Harvest Funds.
(d) Reconciling operating pre-tax net income to Consolidated Net Income before income tax expense in the Consolidated Statements of Operations consists of the following:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Consolidated Net Income (loss) attributable to JMP Group LLC	$ (8,535)	$ (327)	$ (13,275)	$ 1,476
Income tax expense (benefit)	(198)	(246)	(1,282)	(196)
Consolidated pre-tax net income (loss) attributable to JMP Group LLC	$ (8,733)	$ (573)	$ (14,557)	$ 1,280
Subtract (Add back)				
Share-based compensation expense	(29)	(233)	(335)	(700)
Deferred compensation program accounting adjustment	(178)	(435)	(832)	80
Net unrealized loss/ (gain) on strategic equity investments and warrants.	(69)	435	(488)	764
General loan loss reserve for the CLOs	(1,251)	440	(833)	33
CLO refinancing and accelerated expenses	(286)	-	(286)	-
Depreciation of commercial real estate in underlying investments	(1,745)	(2,070)	(3,901)	(2,400)
Amortization of intangible assets	(69)	-	(138)	-
Early debt retirement of CLO	(5,432)	-	(5,432)	-

Total Consolidation Adjustments and Reconciling Items	(9,059)	(1,863)	(12,245)	(2,223)
Segment operating pre-tax net income (loss)	$ 326	$ 1,290	$ (2,312)	$ 3,503

20 . Summarized Financial Information for Equity Method Investments

The tables below present summarized financial information of the hedge funds and private equity fund, which the Company accounts for under the equity method. The financial information below represents 100% of the net assets, net realized and unrealized gains (losses) and net investment income (loss) of such hedge funds as of the dates and for the periods indicated.

(In thousands)	As of	
	June 30, 2017	December 31, 2016
	Net Assets	Net Assets
Harvest Small Cap Partners	$ 283,382	$ 296,404
Harvest Agriculture Select	22,450	22,796

(In thousands)	Three Months Ended June 30,			
	2017		2016	
	Net Realized and Unrealized Gains (Losses)	Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses)	Net Investment Income (Loss)
Harvest Small Cap Partners	$ (24,232)	$ (4,519)	$ 8,018	$ (4,952)
Harvest Agriculture Select	766	(50)	(213)	-
Harvest Technology Partners	-	-	(125)	(73)
Harvest Financial Partners	-	-	16	(98)

(In thousands)	Six Months Ended June 30,			
	2017		2016	
	Net Realized and Unrealized Gains (Losses)	Net Investment Income (Loss)	Net Realized and Unrealized Gains (Losses)	Net Investment Income (Loss)
Harvest Small Cap Partners	$ (12,954)	$ (9,300)	$ 31,685	$ (10,342)
Harvest Agriculture Select	837	(115)	(366)	(77)
Harvest Technology Partners	-	-	(169)	(121)
Harvest Financial Partners	-	-	(592)	(175)

2 1. Condensed Consolidating Financial Statements

JMP Group Inc., a 100% owned subsidiary of JMP Group LLC, is the primary obligor of the Company's 8.00% Senior Notes due 2023 and the Company's 7.25% Senior Notes due 2021. In conjunction with the Reorganization Transaction, on January 1, 2015, JMP Group LLC and JMP Investment Holdings LLC became guarantors of JMP Group Inc. with respect to the Senior Notes. The guarantee is full and unconditional. One of the non-guarantor subsidiaries, JMP Securities, is subject to certain regulations, which require the maintenance of minimum net capital. This requirement may limit the issuer's access to this subsidiary's assets.

The following condensed consolidating financial statements present the consolidated statements of financial condition, condensed consolidated statements of operations, consolidated statements of comprehensive income and consolidated statements of cash flows of JMP Group LLC (parent company and guarantor), JMP Group Inc. (issuer), JMP Investment Holdings LLC (guarantor subsidiary), and the elimination of entries necessary to consolidate or combine the issuer with the guarantor and non-guarantor subsidiaries. These statements are presented in accordance with the disclosure requirements under SEC Regulation S-X Rule 3-10.

	As of June 30, 2017					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated JMP Group LLC
Assets						
Cash and cash equivalents	$ 7,641	$ 4,818	$ 30,855	$ 45,471	$ -	$ 88,785
Restricted cash and deposits	-	1,471	-	50,158	-	51,629
Receivable from clearing broker	-	-	-	5,789	-	5,789
Investment banking fees receivable, net of allowance for doubtful accounts	-	-	-	12,379	-	12,379
Marketable securities owned, at fair value	-	-	10,393	11,312	(472)	21,233
Incentive fee receivable	-	-	-	2	-	2
Other investments	-	5,310	10,340	13,540	-	29,190
Loans held for investment, net of allowance for loan losses	-	-	1,211	5,848	-	7,059
Loans collateralizing asset-backed securities issued, net of allowance for loan losses	-	-	-	757,762	-	757,762
Interest receivable	-	-	(6)	1,895	-	1,889
Collateral posted for derivative transaction	-	-	-	1,540	-	1,540
Fixed assets, net	-	-	-	2,629	-	2,629
Deferred tax assets	-	7,608	-	-	-	7,608
Other assets	(794)	139,611	(11,185)	38,614	(153,762)	12,484
Investment in subsidiaries	224,712	70,904	16,772	-	(312,388)	-
Total assets	$ 231,559	$ 229,722	$ 58,380	$ 946,939	$ (466,622)	$ 999,978
Liabilities and Equity						
Liabilities:						
Marketable securities sold, but not yet purchased, at fair value	$ -	$ -	$ -	$ 5,770	$ -	$ 5,770
Accrued compensation	500	904	742	16,593	-	18,739
Asset-backed securities issued	-	-	-	737,211	-	737,211
Interest payable	-	1,506	-	2,217	-	3,723
Note payable	137,603	-	-	15,000	(152,603)	-
Bond payable	-	92,468	-	-	(472)	91,996
Deferred tax liability	-	1,850	-	480	-	2,330
Other liabilities	1,190	21,213	313	514	(1,053)	22,177
Total liabilities	$ 139,293	$ 117,941	$ 1,055	$ 777,785	$ (154,128)	$ 881,946
Total members' (deficit) equity	92,266	111,781	42,723	170,098	(312,706)	104,162
Nonredeemable Non-controlling Interest	$ -	$ -	$ 14,602	$ (944)	$ 212	$ 13,870
Total equity	$ 92,266	$ 111,781	$ 57,325	$ 169,154	$ (312,494)	$ 118,032
Total liabilities and equity	**$ 231,559**	**$ 229,722**	**$ 58,380**	**$ 946,939**	**$ (466,622)**	**$ 999,978**

	As of December 31, 2016					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated JMP Group LLC
Assets						
Cash and cash equivalents	$ 255	$ 1,763	$ 5,060	$ 78,414	$ -	$ 85,492
Restricted cash and deposits	-	1,471	-	226,185	-	227,656
Receivable from clearing broker	-	-	-	6,586	-	6,586
Investment banking fees receivable, net of allowance for doubtful accounts	-	-	-	5,681	-	5,681
Marketable securities owned, at fair value	-	-	10,877	8,317	(472)	18,722
Incentive fee receivable	-	-	-	499	-	499
Other investments	-	5,126	9,838	17,905	-	32,869
Loans held for sale				32,488		32,488
Loans held for investment, net of allowance for loan losses	-	-	-	1,930	-	1,930
Loans collateralizing asset-backed securities issued, net of allowance for loan losses	-	-	-	654,127	-	654,127
Interest receivable	-	-	72	3,429	(72)	3,429
Collateral posted for derivative transaction	-			25,000	-	25,000
Fixed assets, net	-	-	-	3,143	-	3,143
Deferred tax assets	-	7,942	-	-	-	7,942
Other assets	(1,045)	141,905	(8,957)	42,597	(154,234)	20,266
Investment in subsidiaries	252,486	74,166	117,537	-	(444,189)	-
Total assets	$ 251,696	$ 232,373	$ 134,427	$ 1,106,301	$ (598,967)	$ 1,125,830
Liabilities and Equity						
Liabilities:						
Marketable securities sold, but not yet purchased, at fair value	$ -	$ -	$ -	$ 4,747	$ -	$ 4,747
Accrued compensation	90	150	-	35,918	-	36,158
Asset-backed securities issued	-	-	-	825,854	-	825,854
Interest payable	-	1,506	-	4,811	-	6,317
Note payable	137,603	-	-	15,000	(152,603)	-
Bond payable	-	92,258	-	-	(473)	91,785
Deferred tax liability	-	3,232	-	640	-	3,872
Other liabilities	1,520	22,706	313	(1,142)	(1,594)	21,803
Total liabilities	$ 139,213	$ 119,852	$ 313	$ 885,828	$ (154,670)	$ 990,536
Total members' (deficit) equity	112,483	112,521	117,532	221,350	(444,509)	119,377
Nonredeemable Non-controlling Interest	$ -	$ -	$ 16,582	$ (877)	$ 212	$ 15,917
Total equity	$ 112,483	$ 112,521	$ 134,114	$ 220,473	$ (444,297)	$ 135,294
Total liabilities and equity	**$ 251,696**	**$ 232,373**	**$ 134,427**	**$ 1,106,301**	**$ (598,967)**	**$ 1,125,830**

	For the Three Months Ended June 30, 2017					
	Parent Company	**Subsidiary Issuer**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated JMP Group LLC**
Revenues						
Investment banking	$ -	$ -	$ -	$ 19,128	$ -	$ 19,128
Brokerage	-	-	-	5,078	-	5,078
Asset management fees	-	-	-	4,192	(39)	4,153
Principal transactions	-	(487)	324	(160)	-	(323)
Loss on sale, payoff and mark-to-market of loans	-	-	-	83	-	83
Gain on repurchase of debt	-	-	-	-	-	-
Net dividend income	-	1	256	16	-	273
Other income	-	-	-	194	-	194
Equity earnings of subsidiaries	(6,704)	1,012	(4,196)	-	9,888	-
Non-interest revenues	(6,704)	526	(3,616)	28,531	9,849	28,586
Interest income	472	1,139	9	10,070	(1,994)	9,696
Interest expense	(1,139)	(2,272)	-	(6,326)	1,994	(7,743)
Net interest income	(667)	(1,133)	9	3,744	-	1,953
Gain (loss) repurchase/early retirement of debt	-	-	-	(5,542)		(5,542)
Provision for loan losses	-	-	(20)	(1,834)	-	(1,854)
Total net revenues after provision for loan losses	(7,371)	(607)	(3,607)	24,879	9,849	23,143
Non-interest expenses						
Compensation and benefits	547	749	532	20,824	-	22,652
Administration	143	111	71	2,435	(39)	2,721
Brokerage, clearing and exchange fees	-	-	-	789	-	789
Travel and business development	10	-	-	1,101	-	1,111
Communications and technology	1	3	-	1,047	-	1,051
Occupancy	-	-	-	1,111	-	1,111
Professional fees	462	87	-	304	-	853
Depreciation	-	-	-	303	-	303
Other	-	11	69	870	-	950
Total non-interest expenses	1,163	961	672	28,784	(39)	31,541
Net income (loss) before income tax expense	(8,534)	(1,568)	(4,279)	(3,905)	9,888	(8,398)
Income tax expense (benefit)	-	(1,070)	-	872	-	(198)
Net income (loss)	(8,534)	(498)	(4,279)	(4,777)	9,888	(8,200)
Less: Net income (loss) attributable to nonredeemable non-controlling interest	-	-	256	79	-	335
Net income (loss) attributable to JMP Group LLC	$ (8,534)	$ (498)	$ (4,535)	$ (4,856)	$ 9,888	$ (8,535)

	For the Three Months Ended June 30, 2016					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated JMP Group LLC
Revenues						
Investment banking	$ -	$ -	$ -	$ 8,375	$ -	$ 8,375
Brokerage	-	-	-	5,811	-	5,811
Asset management fees	-	-	-	5,702	(114)	5,588
Principal transactions	-	295	4,659	1,678	-	6,632
Loss on sale, payoff and mark-to-market of loans	-	-	-	(533)	-	(533)
Net dividend income	-	-	239	4	-	243
Other income	-	-	-	46	-	46
Equity earnings of subsidiaries	1,568	(1,309)	3,696	-	(3,955)	-
Non-interest revenues	1,568	(1,014)	8,594	21,083	(4,069)	26,162
Interest income	370	1,139	173	12,437	(1,995)	12,124
Interest expense	(1,139)	(2,270)	-	(6,696)	1,995	(8,110)
Net interest income	(769)	(1,131)	173	5,741	-	4,014
Provision for loan losses	-	-	-	(453)	-	(453)
Total net revenues after provision for loan losses	799	(2,145)	8,767	26,371	(4,069)	29,723
Non-interest expenses						
Compensation and benefits	542	681	2,265	17,193	-	20,681
Administration	129	121	66	1,810	(112)	2,014
Brokerage, clearing and exchange fees	-	-	-	813	-	813
Travel and business development	10	-	-	1,228	-	1,238
Communications and technology	2	2	-	1,040	-	1,044
Occupancy	-	-	-	930	-	930
Professional fees	443	37	-	573	-	1,053
Depreciation	-	-	-	324	-	324
Other	-	-	-	540	-	540
Total non-interest expenses	1,126	841	2,331	24,451	(112)	28,637
Net income (loss) before income tax expense	(327)	(2,986)	6,436	1,920	(3,957)	1,086
Income tax expense (benefit)	-	653	-	(899)	-	(246)
Net income (loss)	(327)	(3,639)	6,436	2,819	(3,957)	1,332
Less: Net income (loss) attributable to nonredeemable non-controlling interest	-	-	1,229	430	-	1,659
Net income (loss) attributable to JMP Group LLC	$ (327)	$ (3,639)	$ 5,207	$ 2,389	$ (3,957)	$ (327)

	For the Six Months Ended June 30, 2017					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated JMP Group LLC
Revenues						
Investment banking	$ -	$ -	$ -	$ 32,728	$ -	$ 32,728
Brokerage	-	-	-	10,364	-	10,364
Asset management fees	-	-	-	10,143	(79)	10,064
Principal transactions	-	(479)	(72)	(1,665)	-	(2,216)
Loss on sale, payoff and mark-to-market of loans	-	-	-	930	-	930
Net dividend income	-	1	512	26	-	539
Other income	-	-	-	639	-	639
Equity earnings of subsidiaries	(9,469)	728	(3,612)	-	12,353	-
Non-interest revenues	(9,469)	250	(3,172)	53,165	12,274	53,048
Interest income	840	2,278	107	19,615	(4,077)	18,763
Interest expense	(2,278)	(4,546)	-	(13,091)	4,077	(15,838)
Net interest income	(1,438)	(2,268)	107	6,524	-	2,925
Gain (loss) repurchase/early retirement of debt	210	-	-	(5,542)	-	(5,332)
Provision for loan losses	-	-	(20)	(3,100)	-	(3,120)
Total net revenues after provision for loan losses	(10,697)	(2,018)	(3,065)	51,027	12,274	47,521
Non-interest expenses						
Compensation and benefits	1,082	1,395	779	41,194	-	44,450
Administration	270	233	97	4,019	(79)	4,540
Brokerage, clearing and exchange fees	-	-	-	1,548	-	1,548
Travel and business development	88	-	-	1,938	-	2,026
Communications and technology	2	5	-	2,097	-	2,104
Occupancy	-	-	-	2,222	-	2,222
Professional fees	1,134	154	-	727	-	2,015
Depreciation	-	-	-	614	-	614
Other	-	17	138	1,472	-	1,627
Total non-interest expenses	2,576	1,804	1,014	55,831	(79)	61,146
Net income (loss) before income tax expense	(13,273)	(3,822)	(4,079)	(4,804)	12,353	(13,625)
Income tax expense (benefit)	-	(2,090)	-	808	-	(1,282)
Net income (loss)	(13,273)	(1,732)	(4,079)	(5,612)	12,353	(12,343)
Less: Net income (loss) attributable to nonredeemable non-controlling interest	-	-	693	239	-	932
Net income (loss) attributable to JMP Group LLC	$ (13,273)	$ (1,732)	$ (4,772)	$ (5,851)	$ 12,353	$ (13,275)

	For the Six Months Ended June 30, 2016					
	Parent Company	**Subsidiary Issuer**	**Guarantor Subsidiary**	**Non-Guarantor Subsidiaries**	**Eliminations**	**Consolidated JMP Group LLC**
Revenues						
Investment banking	$ -	$ -	$ -	$ 26,671	$ -	$ 26,671
Brokerage	-	-	-	11,906	-	11,906
Asset management fees	-	-	-	15,028	(114)	14,914
Principal transactions	-	415	4,532	2,615	-	7,562
Loss on sale, payoff and mark-to-market of loans	-	-	-	(909)	-	(909)
Net dividend income	-	-	478	28	-	506
Other income	-	-	87	185	-	272
Equity earnings of subsidiaries	5,434	503	8,464	-	(14,401)	-
Non-interest revenues	5,434	918	13,561	55,524	(14,515)	60,922
Interest income	740	2,278	339	25,158	(3,990)	24,525
Interest expense	(2,278)	(4,558)	-	(13,239)	3,990	(16,085)
Net interest income	(1,538)	(2,280)	339	11,919	-	8,440
Provision for loan losses	-	-	-	(1,084)	-	(1,084)
Total net revenues after provision for loan losses	3,896	(1,362)	13,900	66,359	(14,515)	68,278
Non-interest expenses						
Compensation and benefits	1,047	1,853	2,427	42,779	-	48,106
Administration	247	251	137	2,196	1,001	3,832
Brokerage, clearing and exchange fees	-	-	-	1,574	-	1,574
Travel and business development	95	-	-	2,434	-	2,529
Communications and technology	4	4	-	2,052	-	2,060
Occupancy	-	-	-	1,866	-	1,866
Professional fees	1,029	106	12	979	-	2,126
Depreciation	-	-	-	656	-	656
Other	-	-	-	2,274	(1,113)	1,161
Total non-interest expenses	2,422	2,214	2,576	56,810	(112)	63,910
Net income (loss) before income tax expense	1,474	(3,576)	11,324	9,549	(14,403)	4,368
Income tax expense (benefit)	-	(201)	-	5	-	(196)
Net income (loss)	1,474	(3,375)	11,324	9,544	(14,403)	4,564
Less: Net income (loss) attributable to nonredeemable non-controlling interest	-	-	2,515	573	-	3,088
Net income (loss) attributable to JMP Group LLC	1,474	$ (3,375)	$ 8,809	$ 8,971	$ (14,403)	1,476

	Six Months Ended June 30, 2017					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiaries	Eliminations	Consolidated JMP Group LLC
Cash flows from operating activities:						
Net income (loss)	$ (13,273)	$ (1,732)	$ (4,079)	$ (5,612)	$ 12,353	$ (12,343)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Provision for doubtful accounts	-	-	-	90	-	90
Provision for loan losses	-	-	20	3,100	-	3,120
Accretion of deferred loan fees	-	-	-	(1,306)	-	(1,306)
Amortization of debt issuance costs	-	210	-	-	-	210
Amortization of original issue discount, related to CLO II and CLO III	-	-	-	1,038	-	1,038
Loss (gain) on sale and payoff of loans	-	-	-	(930)	-	(930)
Gain on repurchase of asset-backed securities issued	-	-	(210)	5,542	-	5,332
Change in other investments:						
Income from investments in equity method investees	-	-	-	2,130	-	2,130
Fair value on other equity investments	-	478	(412)	(27)	-	39
Realized gain on other investments	-	-	-	(361)	-	(361)
Depreciation and amortization of fixed assets	-	-	-	614	-	614
Stock-based compensation expense	1,304	-	-	-	-	1,304
Deferred income taxes	-	(1,048)	-	(160)	-	(1,208)
Net change in operating assets and liabilities:						
Decrease (increase) in interest receivable	-	-	78	1,534	(72)	1,540
Increase in receivables	-	-	-	(5,494)	-	(5,494)
Decrease (increase) in marketable securities	-	-	484	(2,995)	-	(2,511)
Decrease in restricted cash (excluding restricted cash reserved for lending activities)	-	-	-	2,387	-	2,387
(Increase) decrease in deposits and other assets	(251)	2,294	2,438	11,636	(15,801)	316
Decrease in marketable securities sold, but not yet purchased	-	-	-	1,023	-	1,023
Decrease in interest payable	-	-	-	(2,594)	-	(2,594)
Increase (decrease) in accrued compensation and other liabilities	419	(738)	742	(17,667)	541	(16,703)
Net cash used in operating activities	$ (11,801)	$ (536)	$ (936)	$ (8,055)	$ (2,979)	$ (24,307)
Cash flows from investing activities:						
Purchases of fixed assets	-	-	-	(100)	-	(100)
Investment in subsidiary	27,774	3,262	100,765	-	(131,801)	-
Purchases of other investments	-	(844)	(684)	-	-	(1,528)
Sales of other investments	-	181	594	(5,029)	15,330	11,076
Funding of loans collateralizing asset-backed securities issued	-	-	-	(510,421)	-	(510,421)
Funding of loans held for sale	-	-	-	(2,752)	-	(2,752)
Funding of loans held for investment	-	-	(1,234)	(4,627)	5,605	(256)
Sale and payoff of loans collateralizing asset-backed securities issued	-	-	-	385,346	(5,605)	379,741
Sales of loans held for sale	-	-	-	33,951	-	33,951
Principal receipts on loans collateralizing asset-backed securities issued	-	-	-	20,791	-	20,791
Principal receipts on loans held for sale	-	-	-	1,784	-	1,784
Net change in restricted cash reserved for lending activities	-	-	-	173,640	-	173,640

Cash collateral posted for total return swap	-	-	-	23,460		23,460
Net cash provided by (used in) investing activities	$ 27,774	$ 2,599	$ 99,441	$ 116,043	$ (116,471)	$ 129,386
Cash flows from financing activities:						
Proceeds from asset-backed securities issued	-	-	-	408,394	-	408,394
Repayment of asset-backed securities issued	-	-	-	(503,617)	-	(503,617)
Distributions and dividend equivalents paid on common shares and RSUs	(3,903)	-	-	-	-	(3,903)
Net cash settlement of RSU vesting	905	-	-	-	-	905
Purchase of common shares for treasury	(402)	-	-	-	-	(402)
Capital contributions of parent	(5,003)	992	(70,037)	(45,402)	119,450	-
Capital contributions of nonredeemable non-controlling interest holders	-	-	-	92	-	92
Distributions to non-controlling interest shareholders	-	-	(2,673)	(398)	-	(3,071)
Employee Taxes Paid on Shares Withheld for Tax-withholding purposes	(184)	-	-	-	-	(184)
Net cash (used in) provided by financing activities	$ (8,587)	$ 992	$ (72,710)	$ (140,931)	$ 119,450	$ (101,786)
Net decrease in cash and cash equivalents	7,386	3,055	25,795	(32,943)	-	3,293
Cash and cash equivalents, beginning of period	$ 255	$ 1,763	$ 5,060	$ 78,414	$ -	85,492
Cash and cash equivalents, end of period	7,641	4,818	30,855	45,471	-	88,785

	For the Six Months Ended June 30, 2016					
	Parent Company	Subsidiary Issuer	Guarantor Subsidiary	Non-Guarantor Subsidiary	Eliminations	Consolidated JMP Group LLC
Cash flows from operating activities:						
Net income (loss)	$ 1,474	$ (3,375)	$ 11,324	$ 9,544	$ (14,403)	$ 4,564
Adjustments to reconcile net income to net cash provided by (used in) operating activities:						
Provision for loan losses	-	-	-	1,084	-	1,084
Accretion of deferred loan fees	-	-	-	(815)	-	(815)
Amortization of liquidity discount, net	-	-	-	(71)	-	(71)
Amortization of debt issuance costs	-	222	-	-	-	222
Amortization of original issue discount, related to CLO II and CLO III	-	-	-	1,203	-	1,203
Interest paid in kind	-	-	-	(53)	-	(53)
Loss (gain) on sale and payoff of loans	-	-	-	909	-	909
Gain on repurchase of asset-backed securities issued	-	-	(87)	-	-	(87)
Change in other investments:						
Income from investments in equity method investees				711		711
Fair value on other equity investments	-	(415)	635	1,154	-	1,374
Realized gain on other investments	-	-	(4,425)	(2,941)	-	(7,366)
Depreciation and amortization of fixed assets	-	-	-	656	-	656
Stock-based compensation expense	2,547	-	-	-	-	2,547
Deferred income taxes	-	(4,339)	-	(137)	-	(4,476)
Net change in operating assets and liabilities:						
(Increase) decrease in interest receivable	-	-	(4)	149	135	280
Decrease (increase) in receivables	-	-	-	4,228	(49)	4,179
Increase in marketable securities	-	-	(1,128)	1,344	386	602
(Increase) decrease in restricted cash (excluding restricted cash reserved for lending activities)	-	-	-	480	-	480
(Increase) decrease in deposits and other assets	(1,016)	7,999	12,837	(30,992)	16,346	5,174
Increase in marketable securities sold, but not yet purchased	-	-	-	485	-	485
Increase in interest payable	-	-	-	506	(65)	441
(Decrease) increase in accrued compensation and other liabilities	219	989	2,393	(19,059)	(1,444)	(16,902)
Net cash used in operating activities	$ 3,224	$ 1,081	$ 21,545	$ (31,615)	$ 906	$ (4,859)
Cash flows from investing activities:						
Purchases of fixed assets	-	-	-	(283)	-	(283)
Investment in subsidiary	(6,297)	(5,451)	(9,158)	9,366	11,540	-
Purchases of other investments	-	(2,779)	(2,260)	(1,526)	2,073	(4,492)
Sales of other investments	-	-	16,619	10,864	(2,173)	25,310
Funding of loans collateralizing asset-backed securities issued	-	-	-	(115,163)	-	(115,163)
Repayments on loans held for investment	-	-	-	6	-	6
Sale and payoff of loans collateralizing asset-backed securities issued	-	-	-	142,705	-	142,705
Principal receipts on loans collateralizing asset-backed securities issued	-	-	-	37,660	-	37,660
Net change in restricted cash reserved for lending activities	-	-	-	(23,700)	-	(23,700)
Cash collateral posted for total return swap	-	-	-	(240)	-	(240)
Net cash provided by (used in)						

investing activities	$ (6,297)	$ (8,230)	$ 5,201	$ 59,689	$ 11,440	$ 61,803
Cash flows from financing activities:						
Repayment of note payable	-	-	-	15,000	(15,000)	-
Repurchase of bonds payable	-	-	-	-	(385)	(385)
Repayment of asset-backed securities issued	-	-	-	(42,524)	-	(42,524)
Distributions and dividend equivalents paid on common shares and RSUs	(4,322)	-	-	-	-	(4,322)
Purchases of shares of common stock for treasury	(4,034)	-	-	-	-	(4,034)
Capital contributions of parent	11,784	1,196	(16,019)	-	3,039	-
Capital contributions of redeemable non-controlling interest holders	-	-	(3,347)	(911)	-	(4,258)
Net cash (used in) provided by financing activities	$ 3,428	$ 1,196	$ (19,366)	$ (28,435)	$ (12,346)	$ (55,523)
Net decrease in cash and cash equivalents	355	(5,953)	7,380	(361)	-	1,421
Cash and cash equivalents, beginning of period	$ 80	$ 11,260	$ 1,225	$ 55,986	$ -	$ 68,551
Cash and cash equivalents, end of period	435	5,307	8,605	55,625	-	69,972

22 . Subsequent Events

On July 20, 2017, the Company’s board of directors declared cash distributions of $0.03 per share for the months of July, August and September 2017. The July distribution is payable on August 15, 2017, to shareholders of record as of July 31, 2017. The August distribution is payable on September 15, 2017, to shareholders of record as of August 31, 2017. The September distribution is payable on October 13, 2017, to shareholders of record as of September 29, 2017.

On July 31, 2017, the Company established, through its affiliate JMP Credit Advisors CLO V Ltd., a $200.0 million revolving credit facility with BNP Paribas to finance the acquisition of a portfolio of assets, including certain debt obligations.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read together with the unaudited condensed consolidated financial statements and the related notes included elsewhere in this report. For additional context with which to understand our financial condition and results of operations, see the MD&A for the fiscal year ended December 31, 2016 contained in our Form 10-K (the "Annual Report"), as well as the consolidated financial statements and notes contained therein.

Cautionary Statement Regarding Forward - Looking Statements

This MD&A and other sections of this Form 10-Q (the "Quarterly Report") contain forward looking statements. We make forward-looking statements, as defined by the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, and in some cases, you can identify these statements by forward-looking words such as "if," "shall," "may," "might," "will likely result," "should," "expect," "plan," "anticipate," "believe," "estimate," "project," "intend," "goal," "objective," "predict," "potential" or "continue," the negative of these terms and other comparable terminology. These forward-looking statements, which are based on various underlying assumptions and expectations and are subject to risks, uncertainties and other unknown factors, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events that we believe to be reasonable. There are or may be important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the historical or future results, level of activity, performance or achievements expressed or implied by such forward-looking statements. These factors include, but are not limited to, those discussed under the caption "Risk Factors" in our Annual Report. In preparing this MD&A, we presume that readers have access to and have read the MD&A in our Annual Report, pursuant to Instruction 2 to paragraph (b) of Item 303 of Regulation S-K. We undertake no duty to update any of these forward-looking statements after the date of filing of this Quarterly Report to conform such forward-looking statements to actual results or revised expectations, except as otherwise required by law.

Overview

JMP Group LLC, together with its subsidiaries (collectively, the "Company", "we", or "us"), is a diversified capital markets firm headquartered in San Francisco, California. We have a diversified business model with a focus on small and middle-market companies and provide:

- investment banking, including corporate finance, mergers and acquisitions and other strategic advisory services, to corporate clients;
- sales and trading, and related brokerage services to institutional investors;
- proprietary equity research in our four target industries;
- asset management products and services to institutional investors, high net-worth individuals and for our own account; and
- management of collateralized loan obligations and a specialty finance company.

Components of Revenues

We derive revenues primarily from fees earned from our investment banking business, net commissions on our trading activities in our sales and trading business, asset management fees and incentive fees in our asset management business, and interest income on collateralized loan obligations we manage. We also generate revenues from principal transactions, interest, dividends, and other income.

Investment Banking

We earn investment banking revenues from underwriting securities offerings, arranging private capital market transactions and providing advisory services in mergers and acquisitions and other strategic advisory assignments.

Underwriting Revenues

We earn underwriting revenues from securities offerings in which we act as an underwriter, such as initial public offerings and follow-on equity offerings. Underwriting revenues include management fees, underwriting fees, selling concessions and realized and unrealized net gains and losses on equity positions held in inventory for a period of time to facilitate the completion of certain underwritten transactions. We record underwriting revenues, net of related syndicate expenses, at the time the underwriting is completed. In syndicated underwritten transactions, management estimates our share of transaction-related expenses incurred by the syndicate, and we recognize revenues net of such expense. On final settlement by the lead manager, typically 90 days from the trade date of the transaction, we adjust these amounts to reflect the actual transaction-related expenses and our resulting underwriting fee. We receive a higher proportion of total fees in underwritten transactions in which we act as a lead manager.

Strategic Advisory Revenues

Our strategic advisory revenues primarily include success fees on closed merger and acquisition transactions, as well as retainer fees, earned in connection with advising both buyers' and sellers' transactions. We also earn fees for related advisory work and other services such as providing fairness opinions and in valuation analyses. We record strategic advisory revenues when the transactions or the services (or, if applicable, separate components thereof) to be performed are substantially completed, the fees are determinable and collection is reasonably assured.

Private Capital Market and other Revenues

We earn agency capital market and other fees in non-underwritten transactions such as private placements of equity securities, private investments in public equity ("PIPE") transactions and Rule 144A private offerings. We record private placement revenues on the closing date of these transactions.

Since our investment banking revenues are generally recognized at the time of completion of each transaction or the services to be performed, these revenues typically vary between periods and may be considerably affected by the timing of the closing of significant transactions.

Brokerage Revenues

Our brokerage revenues include commissions paid by customers from brokerage transactions in exchange-listed and over-the-counter ("OTC") equity securities. Commissions are recognized on a trade date basis. Brokerage revenues also include net trading gains and losses that result from market-making activities and from our commitment of capital to facilitate customer transactions. Our brokerage revenues may vary between periods, in part depending on commission rates, trading volumes and our ability to continue to deliver research and other value-added services to our clients. The ability to execute trades electronically, through the Internet and through other alternative trading systems has increased pressure on trading commissions and spreads. We expect this trend toward alternative trading systems and pricing pressures in our brokerage business to continue. We are, to some extent, compensated through brokerage commissions for the value of research and other value- added services we deliver to our clients. These "soft dollar" practices have been the subject of discussion among regulators, the investment banking community and our sales and trading clients. In particular, commission sharing arrangements have been adopted by some large institutional investors. In these arrangements, institutional investors concentrate their trading with fewer "execution" brokers and pay a fixed amount for execution with an additional amount set aside for payments to other firms for research or other brokerage services. Accordingly, we may experience reduced (or eliminated) trading volume with such investors but may be compensated for our research and sales efforts through allocations of the designated amounts. Depending on the extent to which we adopt this practice and depending on our ability to reach arrangements on terms acceptable to us, this trend would likely impair the revenues and profitability of our commission business by negatively affecting both volumes and trading commissions in our commission business.

Asset Management Fees

Asset management fees for hedge funds, hedge funds of funds, private equity funds, and HCC include base management fees and incentive fees earned from managing our family of investment partnerships and a publicly-traded specialty finance company. Earned base management fees are generally based on the fair value of assets under management or aggregate capital commitments and the fee schedule for each fund and account. We also earn incentive fees based upon the performance of investment funds and accounts. For most of the funds, such fees are based on a percentage of the excess of an investment return over a specified high-water mark or hurdle rate over a defined performance period. For private equity funds, incentive fees are based on a specified percentage of realized gains from the disposition of each portfolio investment in which each investor participates, and we earn after returning contributions by the investors for that portfolio investment and for all other portfolio investments in which each such investor participates that have been disposed of at the time of distribution. Generally, we do not earn management fees on assets calculated on an average assets under management ("AUM") basis.

As of June 30, 2017 the contractual base management fees earned from each of these investment funds or companies ranged between 1% and 2% of assets under management or were 1% and 2% of aggregate committed capital. The contractual incentive fees were generally (i) 20%, subject to high-water marks, for the hedge funds; (ii) 5% to 20%, subject to high-water marks or a performance hurdle rate, for the hedge funds of funds; (iii) 20%, subject to high-water marks, for Harvest Growth Capital LLC ("HGC") and Harvest Growth Capital II LLC ("HGC II"). Our asset management revenues are subject to fluctuations due to a variety of factors that are unpredictable, including the overall condition of the economy, the securities markets as a whole and our core sectors. These market and industry conditions can have a material effect on the inflows and outflows of assets under management, and the performance of our asset management funds. For example, a significant portion of the performance-based or incentive revenues that we recognize are based on the value of securities held in the funds we manage. The value of these securities includes unrealized gains or losses that may change from one period to another.

Asset management fees for the CLOs we manage currently consist only of senior and subordinated base management fees. We recognize base management fees for the CLOs on a monthly basis over the period in which the collateral management services are performed. The base management fees for the CLOs are calculated as a percentage of the average aggregate collateral balances for a specified period. As we consolidated CLO I, CLO II, CLO III, and CLO IV, the management fees earned at JMP Credit Advisors LLC ("JMPCA") from the CLOs are eliminated on consolidation in accordance with GAAP. For both the six months ended June 30, 2017 and 2016, the contractual senior and subordinated base management fees earned from CLO I and CLO II were 0.50% of the average aggregate collateral balance for a specified period. For the six months ended June 30, 2017 and 2016, the contractual senior and subordinated base management fees earned from CLO III were 0.327% and 0.219%, respectively, of the average aggregate collateral balance for a specified period. For the six months ended June 30, 2017, the contractual base and subordinated fees earned from CLO IV were 0.15% and 0.35%, respectively, of the average aggregate principal balance of the collateral and trades, the principal financed accrued interest and principal in the collection account.

Redemption provisions of our funds require at least 90 days' advance notice. The redemption provisions do not apply to the CLOs.

The following tables present certain information with respect to the investment funds managed by HCS, JMPAM, HCAP Advisors, JMP Capital I Managing Member and CLOs and assets referenced by the TRS managed by JMPCA:

(In thousands)	Assets Under Management (1) at		Company's Share of Assets Under Management at	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Funds Managed by HCS, JMPAM, HCAP Advisors and JMP Capital I Managing Member:				
Hedge Funds:				
Harvest Small Cap Partners	$ 488,708	$ 509,833	$ 3,058	$ 3,416
Harvest Agriculture Select (2)	102,305	101,132	9,158	9,027
Private Equity Funds:				
Harvest Growth Capital LLC (3)	23,237	22,089	1,022	960
Harvest Growth Capital LLC II (3)	151,828	131,015	3,223	2,844
Harvest Intrexon Enterprise Fund	245,156	245,156	1,500	1,500
JMP Realty Partners I	22,025	16,981	2,000	1,681
Other	12,123	6,988	N/A	N/A
Funds of Funds:				
JMP Masters Fund (4)	3,798	4,010	9	5
Loans:				
Harvest Capital Credit Corporation	147,001	141,706	N/A	N/A
JMP Capital I	23,529	-	2,329	N/A
HCS, JMPAM, HCAP Advisors and JMP Capital I Managing Members Totals	$ 1,219,710	$ 1,178,910	$ 22,299	$ 19,433
CLOs Managed by JMPCA:				
CLO I (3)	-	223,914	N/A	N/A
CLO II (3)	6,255	332,233	N/A	N/A
CLO III (3)	362,169	361,722	N/A	N/A
CLO IV (3)	450,071	-	N/A	N/A
Assets Referenced in TRS (5)	978	155,177	N/A	N/A
JMPCA Totals	$ 819,473	$ 1,073,046	$ N/A	$ N/A
JMP Group LLC Totals	$ 2,039,183	$ 2,251,956	$ 22,299	$ 19,433

(1) For hedge funds, funds of funds, HGC, HGC II and Other, assets under management represent the net assets of such funds. For Harvest Intrexon Enterprise Fund ("HIEF"), JMP Realty Partners I and JMP Capital I, assets under management represent the commitment amount that is subject to the management fee calculation. For CLOs, assets under management represent the sum of the aggregate collateral balance and restricted cash to be reinvested in collateral, upon which management fees are earned.

(2) Harvest Agriculture Select ("HAS") includes managed accounts in which the Company has neither equity investment nor control. These are included as they follow the respective funds' strategies and earn fees.

(3) CLO I, CLO II and CLO III were consolidated in the Company's Statements of Financial Condition at December 31, 2016. CLO II, CLO III and CLO IV were consolidated in the Company's Statements of Financial Condition at June 30, 2017.

(4) JMP Masters began the process of liquidation on December 31, 2015.

(5) Assets Referenced in TRS represent the fair value of the settled loans in the loan portfolio held by the counterparty.

	Funds Managed by HCS and JMPAM			
	Hedge Funds	Private Equity Funds	Funds of Funds	Total
AUM at December 31, 2016	$ 610,965	$ 422,229	$ 4,010	1,037,204
Contributions	25,395	5,730	-	31,125
Redemptions	(17,989)	-	-	(17,989)
Distributions from realization event	-	(10,392)	-	(10,392)
Appreciation	(27,358)	36,802	(212)	9,232
AUM at June 30, 2017	$ 591,013	$ 454,369	$ 3,798	1,049,180

	Funds Managed by HCS and JMPAM			
	Hedge Funds	Private Equity Funds	Funds of Funds	Total
AUM at December 31, 2015	$ 631,964	$ 391,490	$ 5,110	1,028,564
Contributions	93,000	9,439	-	102,439
Redemptions	(59,964)	-	(786)	(60,750)
Distributions from realization event	-	(27)	-	(27)
Appreciation	23,310	(1,533)	48	21,825
AUM at June 30, 2016	$ 688,310	399,369	4,372	1,092,051

AUM related to hedge funds, private equity funds and funds of funds increased $5.1 million, or 0.5%, from $1,037.2 million at December 31, 2016 to $1,049.2 million at June 30, 2017. This increase was primarily attributed to $36.8 million appreciation at our private equity funds and capital contributions of $25.4 million in the hedge funds managed by HCS, partially offset by $18.0 million redemptions and $10.4 million distributions relating to one of the private equity funds.

AUM related to hedge funds, private equity funds and funds of funds increased $63.5 million, or 6.2%, from $1,028.6 million at December 31, 2015 to $1,092.1 million at June 30, 2016. This increase was primarily attributed to capital contributions of $102.4 million in the hedge funds managed by HCS, and appreciation of $21.8 million in the funds managed by HCS, partially offset by redemptions of $60.8 million related to these funds.

(In thousands)	Three Months Ended June 30, 2017			Three Months Ended June 30, 2016		
	Company's Share of Change in Fair Value	Management Fee	Incentive Fee	Company's Share of Change in Fair Value	Management Fee	Incentive Fee
Hedge Funds:						
Harvest Small Cap Partners	$ (294)	2,026	1	$ 92	1,894	860
Harvest Agriculture Select (1)	305	231	7	(73)	320	-
Harvest Technology Partners	-	-	-	(110)	83	-
Harvest Financial Partners	-	-	-	(35)	36	-
Private Equity Funds:						
Harvest Growth Capital LLC	72	-	-	(163)	-	-
Harvest Growth Capital II LLC	557	149	-	(1)	246	-
Harvest Intrexon Enterprise Fund	(5)	602	-	(8)	613	
JMP Realty Partners I	108	85	-			
Other	-	5	-	-	-	-
Funds of Funds:						
JMP Masters Fund (2)	4	9	-	-	4	-
Loans:						
Harvest Capital Credit Corporation	N/A	691	30	N/A	739	589
CLOs:						
CLO I (3)	N/A	-	-	N/A	408	-
CLO II (3)	N/A	319	-	N/A	415	-
CLO III (3)	N/A	299	-	N/A	200	-
CLO IV (3)	N/A	114	-	N/A	-	-
Assets Referenced in TRS (4)	N/A	27	-	N/A	62	-
Totals	$ 747	$ 4,557	$ 38	$ (298)	$ 5,020	$ 1,449

(1) HAS includes managed accounts in which the Company has neither equity investment nor control. These are included with the funds, as they follow the respective strategies and earn fees.

(2) JMP Masters began the process of liquidation on December 31, 2015.

(3) Revenues earned from CLO I, CLO II, CLO III and CLO IV are consolidated and then eliminated in consolidation in the Company’s Statements of Operations, net of non-controlling interest.

(4) Revenues earned from Assets referenced in TRS are consolidated and then eliminated in consolidation in the Company’s Statements of Operations.

(In thousands)	Six Months Ended June 30, 2017			Six Months Ended June 30, 2016		
	Company's Share of Change in Fair Value	Management Fee	Incentive Fee	Company's Share of Change in Fair Value	Management Fee	Incentive Fee
Hedge Funds:						
Harvest Small Cap Partners	$ (216)	4,003	1,632	$ 288	$ 3,687	$ 5,514
Harvest Agriculture Select (1)	324	459	11	(181)	633	-
Harvest Technology Partners	1	-	-	(179)	167	-
Harvest Financial Partners	-	-	-	(335)	103	-
Private Equity Funds:						
Harvest Growth Capital LLC	62	-	-	(169)	-	-
Harvest Growth Capital II LLC	670	317	-	(1)	492	-
Harvest Intrexon Enterprise Fund	(13)	1,226	-	(15)	1,257	-
JMP Realty Partners I	120	133	-	-	-	-
Other	-	10	-	-	-	-
Funds of Funds:						
JMP Masters Fund (2)	4	17	-	11	21	-
Loans:						
Harvest Capital Credit Corporation	N/A	1,374	260	N/A	1,481	1,126
CLOs:						
CLO I (3)	N/A	72	-	N/A	840	-
CLO II (3)	N/A	734	-	N/A	830	-
CLO III (3)	N/A	595	-	N/A	402	-
CLO IV (3)	N/A	114	-	N/A	-	-
Assets Referenced in TRS (4)	N/A	88	-	N/A	125	-
Totals	$ 952	$ 9,142	$ 1,903	$ (581)	$ 10,038	$ 6,640

(1) HAS includes managed accounts in which the Company has neither equity investment nor control. These are included with the funds, as they follow the respective strategies and earn fees.
(2) JMP Masters began the process of liquidation on December 31, 2015.
(3) Revenues earned from CLO I, CLO II, CLO III, and CLO IV are consolidated and then eliminated in consolidation in the Company's Statements of Operations, net of non-controlling interest.
(4) Revenues earned from Assets referenced in TRS are consolidated and then eliminated in consolidation in the Company's Statements of Operations.

Principal Transactions

Principal transaction revenues include realized and unrealized net gains and losses resulting from our principal investments in equity and other securities for the Company's account and in equity-linked warrants received from certain investment banking clients, and limited partner investments in private funds managed by third parties. Principal transaction revenues also include earnings (or losses) attributable to investment partnership interests managed by our asset management subsidiaries, HCS and JMPAM, which are accounted for using the equity method of accounting. Principal transaction revenues also include unrealized gains on an investment in an entity, which acquires buildings and land for the purpose of holding, selling and managing the properties as well as unrealized gains and losses on the investments in private companies sponsored by JMP Holding LLC and JMP Capital LLC.

Gain on S ale and P ayoff of L oans

Gain on sale and payoff of loans consists of gains and losses from the sale and payoff of loans collateralizing asset-backed securities. Gains are recorded when the proceeds exceed the carrying value of the loan. Gain on sale, payoff and mark-to-market of loans also consists of lower of cost or market adjustments arising from loans held for sale. Losses are recorded for the loan held for sale when the carrying value exceeds fair value.

Net Dividend Income

Net dividend income includes dividends from our investments offset by dividend expense for paying short positions in our principal investment portfolio.

Other Income

Other income includes revenues from equity method investments, revenues from fee-sharing arrangements with our funds, and fees earned to raise capital for third-party investment partnerships.

Interest Income

Interest income primarily consists of interest income earned on loans collateralizing asset-backed securities issued and loans held for investment. Interest income on loans comprises the stated coupon as a percentage of the face amount receivable as well as accretion of purchase discounts and deferred fees. Interest income is recorded on an accrual basis in accordance with the terms of the respective loans unless such loans are placed on non-accrual status.

Interest Expense

Interest expense primarily consists of interest expense incurred on asset-backed securities issued and notes payable, and the amortization of bond issuance costs. Interest expense on asset-backed securities is the stated coupon payable as a percentage of the principal amount as well as amortization of the liquidity discount which was recorded at the acquisition date of CLO I. Interest expense is recorded on an accrual basis in accordance with the terms of the respective asset-backed securities issued and notes payable.

Provision for Loan Losses

Provision for loan losses includes provision for losses recognized on our loan notes and non-revolving credit agreements at JMP Capital LLC and JMP Investment Holdings (collectively loans held for investment), and on loans collateralizing asset-backed securities (“ABS”) to record them at their estimated net realizable value. We maintain an allowance for loan losses that is intended to estimate loan losses inherent in JMP Capital LLC’s loan portfolio. A provision for loan losses is charged to expense to establish the allowance for loan losses. The allowance for loan losses is maintained at a level, in the opinion of management, sufficient to offset estimated losses inherent in the loan portfolio as of the date of the financial statements. The appropriateness of the allowance and the allowance components are reviewed quarterly. Our estimate of each allowance component is based on observable information and on market and third-party data that we believe are reflective of the underlying loan losses being estimated. We employ internally developed and third-party estimation tools for measuring credit risk (loan ratings, probability of default, and exposure at default).

A specific reserve is provided for loans that are considered impaired. A loan is considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement. We measure impairment of a loan based upon either the present value of expected future cash flows discounted at the loan’s effective interest rate, the loan’s observable market price or the fair value of the collateral securing the loan if the loan is collateral dependent, depending on the circumstances and our collection strategy. For those loans held by CLO I at the date of acquisition by JMP Credit, and deemed impaired at that date or a subsequent date, allowance for loan losses is calculated considering two additional factors. For loans deemed impaired at the date of acquisition, if there is a further decline in expected future cash flows, this reduction is recognized as a specific reserve in accordance with the guidance above. For those loans deemed impaired subsequent to the acquisition date, or loans held at CLO II, CLO III or CLO IV, if the net realizable value is lower than the current carrying value then the carrying value is reduced and the difference is booked as provision for loan losses. If the total discount from unpaid principal balance to carrying value is larger than the expected loss at the date of assessment, no provision for loan losses is recognized.

Loans which are deemed to be uncollectible are charged off and the charged-off amount results in a reduced allowance.

Components of Expenses

We classify our expenses as compensation and benefits, administration, brokerage, clearing and exchange fees, travel and business development, communications and technology, professional fees, impairment loss on purchased management contract and other expenses. A significant portion of our expense base is variable, including compensation and benefits, brokerage clearing and exchange fees, travel and business development and communication and technology expenses.

Compensation and Benefits

Compensation and benefits is the largest component of our expenses and includes employees’ base pay, performance bonuses, sales commissions, related payroll taxes, medical and benefits expenses, as well as expenses for contractors, temporary employees and equity-based compensation. Our employees receive a substantial portion of their compensation in the form of individual performance-based bonuses. As is the widespread practice in our industry, we pay bonuses on an annual basis, which for senior professionals typically make up a large portion of their total compensation. To certain senior professionals, a portion of the performance-based bonuses is paid in the form of deferred compensation. Bonus payments may have a greater impact on our cash position and liquidity in the periods in which they are paid than would otherwise be reflected in our Consolidated Statements of Operations. We accrue for the estimated amount of these bonus payments ratably over the applicable service period.

Compensation is accrued using specific ratios of total compensation and benefits to total revenues based on revenue categories, as adjusted if, in management’s opinion, such adjustments are necessary and appropriate to maintain competitive compensation levels.

Administration

Administration expense primarily includes the cost of hosted conferences, non-capitalized systems and software expenditures, insurance, business tax (non-income), office supplies, recruiting, and regulatory fees.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fees include the cost of floor and electronic brokerage and execution, securities clearance, and exchange fees. We clear our securities transactions through National Financial Services. Changes in brokerage, clearing and exchange fees fluctuate largely in line with the volume of sales and trading activity.

Travel and Business Development

Travel and business development expense is net of expenses reimbursed by clients.

Communications and Technology

Communications and technology expense primarily relates to communication and information processing as well as the subscription of certain market data.

Professional Fees

Professional fees primarily relate to legal and accounting professional services.

Other Expenses

Other operating expenses primarily include occupancy, depreciation and CLO administration expense.

Income Taxes

JMP Group LLC is a publicly traded partnership, taxed as a partnership, and not as a corporation, for U.S. federal income tax purposes, so long as 90% or more of its gross income for each taxable year constitutes “qualifying income”.

The Company’s effective tax rate is directly impacted by the proportion of income subject to tax compared to income not subject to tax. JMP Group Inc., a wholly owned subsidiary, is subject to U.S. federal and state income taxes. The remainder of the Company’s income is generally not subject to corporate-level taxation.

The Company recognizes deferred tax assets and liabilities in accordance with ASC 740, Income Taxes, which are determined based upon the temporary differences between the financial reporting and tax basis of the Company’s assets and liabilities using the tax rates and laws in effect when the differences are expected to reverse. Valuation allowances are established when necessary to reduce the deferred tax assets when it is more likely than not that a portion or all of the deferred tax assets will not be realized.

The Company applies the accounting principles related to uncertainty in income taxes. Under the guidance, the Company recognizes a tax benefit from an uncertain position only if it is more likely than not that the position is sustainable, based solely on its technical merits and consideration of the relevant taxing authorities’ widely understood administrative practices and precedents. If this threshold is met, the Company measures the tax benefit as the largest amount of benefit that is greater than fifty percent likely of being realized upon ultimate settlement.

The Company’s policy for recording interest and penalties associated with the tax audits or unrecognized tax benefits, if any, is to record such items as a component of income tax.

Non - controlling Interest

Non-controlling interest for both the six months ended June 30, 2017 and 2016 includes the interest of third parties in CLO I, CLO II, CLO III, and HCAP Advisors, partially-owned subsidiaries consolidated in our financial statements.

The Company currently manages several asset management funds, which are structured as limited partnerships, and is the general partner of each. The Company assesses whether the partnerships meet the definition of a variable interest entities (“VIEs”) in accordance with ASC 810-10-15-14, and whether the Company qualifies as the primary beneficiary. Funds determined not to meet the definition of a VIE are considered voting interest entities for which the rights of the limited partners are evaluated to determine if consolidation is necessary. Such guidance provides that the presumption that the general partner controls the limited partnership may be overcome if the limited partners have substantive kick-out rights. With exception of HGC and HGC II, the partnership agreements for these funds provide for the right of the limited partners to remove the general partners by a simple majority vote of the non-affiliated limited partners. Because of these substantive kick-out rights, the Company, as the general partner, does not control these funds, and therefore does not consolidate them. The Company accounts for its investments in these non-consolidated funds under the equity method of accounting.

On August 6, 2010, the Company transferred 109 subordinated notes of CLO I to certain employees in exchange for their interests in JMP Credit Corporation. As a result of the aforementioned transfer, we own approximately 94% of the subordinated notes of CLO I. CLO I initiated liquidation proceedings in the fourth quarter of 2016.

On April 30, 2013, entities sponsored by the Company closed on a $343.8 million CLO. The senior notes offered in this transaction (the “Secured Notes”) were issued by CLO II, a special purpose Cayman vehicle, and co-issued in part by JMP Credit Advisors CLO II LLC, a special purpose Delaware vehicle, and were backed by a diversified portfolio of broadly syndicated leveraged loans. The Company, through a wholly-owned subsidiary, manages CLO II and from issuance through December 31, 2013 owned $17.3 million, or 72.8%, of the subordinated notes of the issuer (the “Subordinated Notes”). In the first quarter of 2014, the Company repurchased $6.0 million of Subordinated Notes, increasing its ownership to 98.0%.

On September 30, 2014, the Company closed on a $370.5 million CLO. The proceeds from the close of the CLO were used to payoff and retire the warehouse facility. A third party and employees of JMPCA purchased subordinated notes in CLO III, reducing the Company's investment in the subordinated notes to $4.7 million, or 13.5%. The senior notes offered in this transaction were issued by CLO III, and are backed primarily by a diversified portfolio of broadly syndicated leveraged loans. These senior notes were subject to a two-year non-call period. CLO III has a four-year reinvestment period, through October 17, 2018, that allows for the use of the proceeds from any principal repayments on, or any sales of, collateral assets towards the purchase of qualifying replacement assets, subject to certain conditions and limitations. The Company was identified as the primary beneficiary based on the ability to direct activities of CLO III through its subsidiary manager, JMP Credit Advisors, and its equity ownership. On September 27, 2016, the Company repurchased $12.8 million face value of the unsecured subordinated notes from CLO III non-controlling interests, increasing the Company's ownership of unsecured subordinated notes from 13.5% to 46.7%.

HCAP Advisors was formed on December 18, 2012. HCAP Advisors appointed JMP Group LLC as its Manager effective May 1, 2013, and began offering investment advisory services. The Company owns 51% equity interest in the entity.

Results of Operations

The following table sets forth our results of operations for the three and six months ended June 30, 2017 and 2016, and is not necessarily indicative of the results to be expected for any future period.

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,		Three Month Change from 2016 to 2017		Six Month Change from 2016 to 2017	
	2017	2016	2017	2016	$	%	$	%
Revenues								
Investment banking	$ 19,128	$ 8,375	$ 32,728	$ 26,671	$ 10,753	128.4%	$ 6,057	22.7%
Brokerage	5,078	5,811	10,364	11,906	(733)	-12.6%	(1,542)	-13.0%
Asset management fees	4,153	5,588	10,064	14,914	(1,435)	-25.7%	(4,850)	-32.5%
Principal transactions	(323)	6,632	(2,216)	7,562	(6,955)	-104.9%	(9,778)	-129.3%
Gain (loss) on sale, payoff and mark-to-market of loans	83	(533)	930	(909)	616	115.6%	1,839	202.3%
Net dividend income	273	243	539	506	30	12.3%	33	6.5%
Other income	194	46	639	272	148	321.7%	367	134.9%
Non-interest revenues	28,586	26,162	53,048	60,922	2,424	9.3%	(7,874)	-12.9%
Interest income	9,696	12,124	18,763	24,525	(2,428)	-20.0%	(5,762)	-23.5%
Interest expense	(7,743)	(8,110)	(15,838)	(16,085)	367	4.5%	247	1.5%
Net interest income	1,953	4,014	2,925	8,440	(2,061)	-51.3%	(5,515)	-65.3%
Gain (loss) repurchase/early retirement of debt	(5,542)	-	(5,332)	-	(5,542)	N/A	(5,332)	N/A
Provision for loan losses	(1,854)	(453)	(3,120)	(1,084)	(1,401)	-309.3%	(2,036)	-187.8%
Total net revenues	23,143	29,723	47,521	68,278	(6,580)	-22.1%	(20,757)	-30.4%
Non-interest expenses								
Compensation and benefits	22,652	20,681	44,450	48,106	1,971	9.5%	(3,656)	-7.6%
Administration	2,721	2,014	4,540	3,832	707	35.1%	708	18.5%
Brokerage, clearing and exchange fees	789	813	1,548	1,574	(24)	-3.0%	(26)	-1.7%
Travel and business development	1,111	1,238	2,026	2,529	(127)	-10.3%	(503)	-19.9%
Communication and technology	1,051	1,044	2,104	2,060	7	0.7%	44	2.1%
Professional fees	853	1,053	2,015	2,126	(200)	-19.0%	(111)	-5.2%
Other	2,364	1,794	4,463	3,683	570	31.8%	780	21.2%
Total non-interest expenses	31,541	28,637	61,146	63,910	2,904	10.1%	(2,764)	-4.3%
Income (loss) before income tax expense	(8,398)	1,086	(13,625)	4,368	(9,484)	-873.3%	(17,993)	-411.9%
Income tax expense (benefit)	(198)	(246)	(1,282)	(196)	48	19.5%	(1,086)	-554.1%
Net income (loss)	(8,200)	1,332	(12,343)	4,564	(9,532)	-715.6%	(16,907)	-370.4%
Less: Net income attributable to non-controlling interest	335	1,659	932	3,088	(1,324)	-79.8%	(2,156)	-69.8%
Net income (loss) attributable to JMP Group LLC	$ (8,535)	$ (327)	$ (13,275)	$ 1,476	$ (8,208)	-2510.1%	$ (14,751)	-999.4%

Three Months Ended June 30 , 2017 Compared to Three Months Ended June 30 , 2016

Overview

Total net revenues after provision for loan losses decreased $6.6 million, or 22.1%, from $29.7 million for the quarter ended June 30, 2016 to $23.1 million for the quarter ended June 30, 2017, resulting from a $5.5 million loss on early retirement of debt, a $2.1 million decline in net interest income, and an increase in provision for loan losses of $1.4 million, partially offset by an increase in non-interest revenues of $2.4 million.

Non-interest revenues increased $2.4 million, or 9.3%, from $26.2 million for the quarter ended June 30, 2016 to $28.6 million in the same period in 2017. This increase was driven by a $10.8 million increase in investment banking, partially offset by a $7.0 million decline in principal transactions.

Loss on the repurchase of debt of $5.5 million for the quarter ended June 30, 2017 driven by the closing of CLO II, in conjunction with the launch of CLO IV.

Provision for loan losses increased $1.4 million from $0.5 million for the quarter ended June 30, 2016 to $1.9 million for the quarter ended June 30, 2017.

Total non-interest expenses increased $2.9 million, or 10.1%, from $28.6 million for the quarter ended June 30, 2016 to $31.5 million for the quarter ended June 30, 2017, primarily due to a $2.0 million increase in compensation and benefits.

Net income attributable to JMP Group LLC decreased $8.2 million from a $0.3 million loss after income tax benefit of $0.2 million for the quarter ended June 30, 2016 to a $8.5 million loss after income tax benefit of $0.2 million for the quarter ended June 30, 2017.

Six Months Ended June 30 , 2017 Compared to Six Months Ended June 30 , 2016

Overview

Total net revenues after provision for loan losses decreased $21.0 million, or 30.7%, from $68.3 million for the six months ended June 30, 2016 to $47.3 million for the six months ended June 30, 2017, resulting from a decline in non-interest revenues of $7.9 million, a decline in net interest income of $11.1 million, and an increase in provision for loan losses of $2.0 million.

Non-interest revenues decreased $7.9 million, or 12.9%, from $60.9 million for the six months ended June 30, 2016 to $53.0 million in the same period in 2017. This decrease was primarily driven by a $9.8 million decline in principal transactions.

Loss on the repurchase of debt of $5.5 million for the six months ended June 30, 2017 driven primarily from the closing of CLO II, in conjunction with the launch of CLO IV.

Provision for loan losses increased $2.0 million from $1.1 million for the six months ended June 30, 2016 to $3.1 million for the six months ended June 30, 2017.

Total non-interest expenses decreased $2.8 million, or 4.3%, from $63.9 million for the six months ended June 30, 2016 to $61.1 million for the six months ended June 30, 2017, primarily due to a $3.7 million decrease in compensation and benefits.

Net income attributable to JMP Group LLC decreased $15.0 million from $1.5 million after income tax benefit of $0.2 million for the six months ended June 30, 2016 to a $13.5 million loss after income tax benefit of $1.3 million for the six months ended June 30, 2017.

Operating Net Income (Non-GAAP Financial Measure)

Management uses Operating Net Income as a key, non-GAAP metric when evaluating the performance of JMP Group LLC’s core business strategy and ongoing operations, as management believes that this metric appropriately illustrates the operating results of JMP Group LLC’s core operations and business activities. Operating Net Income is derived from our segment reported results and is the measure of segment profitability on an after-tax basis used by management to evaluate our performance. This non-GAAP measure is presented to enhance investors’ overall understanding of our current financial performance. Additionally, management believes that Operating Net Income is a useful measure because it allows for a better evaluation of the performance of JMP Group LLC’s ongoing business and facilitates a meaningful comparison of the company’s results in a given period to those in prior and future periods.

However, Operating Net Income should not be considered a substitute for results that are presented in a manner consistent with GAAP. A limitation of the non-GAAP financial measures presented is that, unless otherwise indicated, the adjustments concern gains, losses or expenses that JMP Group LLC generally expects to continue to recognize, and the adjustment of these items should not always be construed as an inference that these gains or expenses are unusual, infrequent or non-recurring. Therefore, management believes that both JMP Group LLC’s GAAP measures of its financial performance and the respective non-GAAP measures should be considered together. Operating Net Income may not be comparable to a similarly titled measure presented by other companies.

Operating Net Income is a non-GAAP financial measure that adjusts the Company's GAAP net income as follows:

(i) reverses non-cash share-based compensation expense recognized under GAAP related to equity awards granted in prior periods, as management generally evaluates performance by considering the full expense of equity awards granted in the period in which such compensation was awarded, even if the expense of that award will be recognized in future periods under GAAP;

(ii) recognizes 100% of the cost of deferred compensation in the period for which such compensation was awarded, instead of recognizing such cost over the vesting period as required under GAAP, in order to match compensation expense with the actual period upon which the compensation was based;

(iii) reverses amortization expense related to an intangible asset resulting from the repurchase of a portion of the equity of JMP Credit Advisors CLO III;

(iv) reverses depreciation and amortization expense related to commercial real estate investments that is recognized by JMP Group as a result of equity method accounting;

(v) reverses net unrealized gains and losses on strategic equity investments and warrants;

(vi) presents revenues and expenses on a basis that deconsolidates HCAP Advisors and the CLOs;

(vii) excludes general loan loss reserves on certain CLOs;

(viii) reverses the one-time expense associated with the contribution of the remaining assets in JMP Credit Advisors CLO II to newly formed JMP Credit Advisors CLO IV and the resulting acceleration of the amortization of remaining capitalized issuance costs;

(ix) reverses the one-time transaction costs related to the refinancing of the debt issued by JMP Credit Advisors CLO III;

(x) assumes a combined federal, state and local income tax rate of 38% at the taxable direct subsidiary of parent company, while applying a tax rate of 0% to the Company's other direct subsidiary, which is a "pass-through entity" for tax purposes.

Discussed below is our Operating Net Income by segment. This information is reflected in a manner utilized by management to assess the financial operations of the Company's various business lines.

	Three Months Ended June 30, 2017					
(In thousands)	**Broker-Dealer**	**Asset Management**	**Operating Platforms**	**Corporate**	**Eliminations**	**Total S egments**
Revenues						
Investment banking	$ 19,128	$ -	$ 19,128	$ -	$ -	$ 19,128
Brokerage	5,078	-	5,078	-	-	5,078
Asset management related fees	-	4,856	4,856	25	(722)	4,159
Principal transactions	-	-	-	1,725	-	1,725
Gain (loss) on sale, payoff and mark-to-market of loans	-	-	-	104	-	104
Gain on repurchase of asset-backed securities issued	-	-	-	274	-	274
Net dividend income	-	-	-	940	-	940
Net interest income	-	-	-	-	-	-
Provision for loan losses	-	-	-	(409)	-	(409)
Adjusted net revenues	24,206	4,856	29,062	2,659	(722)	30,999
Non-interest expenses						
Non-interest expenses	22,458	5,303	27,761	3,634	(722)	30,673
Operating pre-tax net income	1,748	(447)	1,301	(975)	-	326
Income tax expense (assumed rate of 38% for Operating Platforms)	665	(169)	496	(729)	-	(233)
Operating net income (loss)	$ 1,083	$ (278)	$ 805	$ (246)	$ -	$ 559

	Three Months Ended June 30, 2016					
(In thousands)	Broker-Dealer	Asset Management	Operating Platforms	Corporate	Elimin-ations	Total Segments
Revenues						
Investment banking	$ 8,375	$ -	$ 8,375	$ -	$ -	$ 8,375
Brokerage	5,811	-	5,811	-	-	5,811
Asset management related fees	-	6,246	6,246	36	(1,298)	4,984
Principal transactions	-	-	-	8,216	-	8,216
Gain (loss) on sale, payoff and mark-to-market of loans	-	-	-	(305)	-	(305)
Net dividend income	-	-	-	143	-	143
Net interest income	-	-	-	2,003	-	2,003
Provision for loan losses	-	-	-	(824)	-	(824)
Adjusted net revenues	14,186	6,246	20,432	9,269	(1,298)	28,403
Non-interest expenses						
Non-interest expenses	16,306	5,855	22,161	6,250	(1,298)	27,113
Operating pre-tax net income	(2,120)	391	(1,729)	3,019	-	1,290
Income tax expense (assumed rate of 38% for Operating Platforms)	(805)	149	(656)	(622)	-	(1,278)
Operating net income (loss)	$ (1,315)	$ 242	$ (1,073)	$ 3,641	$ -	$ 2,568

	Six Months Ended June 30, 2017					
(In thousands)	Broker-Dealer	Asset Management	Operating Platforms	Corporate	Elimin-ations	Total Segments
Revenues						
Investment banking	$ 32,728	$ -	$ 32,728	$ -	$ -	$ 32,728
Brokerage	10,364	-	10,364	-	-	10,364
Asset management related fees	4	10,167	10,171	1,660	(1,763)	10,068
Principal transactions	-	-	-	2,333	-	2,333
Gain (loss) on sale, payoff and mark-to-market of loans	-	-	-	883	-	883
Gain on repurchase of asset-backed securities issued	-	-	-	210	-	210
Net dividend income	-	-	-	541	-	541
Net interest income	-	-	-	955	-	955
Provision for loan losses	-	-	-	(1,822)	-	(1,822)
Adjusted net revenues	43,096	10,167	53,263	4,760	(1,763)	56,260
Non-interest expenses						
Non-interest expenses	41,019	10,398	51,417	8,918	(1,763)	58,572
Less: Non-controlling interest	-	-	-	-	-	-
Operating pre-tax net income	2,077	(231)	1,846	(4,158)	-	(2,312)
Income tax expense (assumed rate of 38% for Operating Platforms)	790	(88)	702	(1,490)	-	(788)
Operating net income (loss)	$ 1,287	$ (143)	$ 1,144	$ (2,668)	$ -	$ (1,524)

(In thousands)	Broker-Dealer	Asset Management	Operating Platforms	Corporate Costs	Elimin-ations	Total Segments
	Six Months Ended June 30, 2016					
Revenues						
Investment banking	$ 26,671	$ -	$ 26,671	$ -	$ -	$ 26,671
Brokerage	11,906	-	11,906	-	-	11,906
Asset management related fees	-	16,422	16,422	123	(2,635)	13,910
Principal transactions	-	-	-	9,070	-	9,070
Gain on sale, payoff and mark-to-market of loans	-	-	-	(667)	-	(667)
Net dividend income	-	-	-	567	-	567
Net interest (expense) income	-	-	-	4,374	-	4,374
Provision for loan losses	-	-	-	(812)	-	(812)
Adjusted net revenues	38,577	16,422	54,999	12,655	(2,635)	65,019
Non-interest expenses						
Non-interest expenses	38,305	15,297	53,602	10,549	(2,635)	61,516
Less: Non-controlling interest	-	-	-	-	-	-
Operating pre-tax net income	272	1,125	1,397	2,106	-	3,503
Income tax expense (assumed rate of 38% for Operating Platforms)	104	427	531	(1,754)	-	(1,223)
Adjusted operating net income	$ 168	$ 698	$ 866	$ 3,860	$ -	$ 4,726

The following table reconciles the operating net income to Total Segments operating pre-tax net income, to consolidated pre-tax net income (loss) attributable to JMP Group LLC, and to consolidated net income (loss) attributable to JMP Group LLC, for the three and six months ended June 30, 2017 and 2016.

(In thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
Operating net income	$ 559	$ 2,568	$ (1,524)	$ 4,726
Addback of Segment Income tax expense	(233)	(1,278)	(788)	(1,223)
Total Segments operating pre-tax net income	$ 326	$ 1,290	$ (2,312)	$ 3,503
Subtract / (Add back)				
Share-based compensation expense	29	233	335	700
Deferred compensation program accounting adjustment	178	435	832	(80)
Net unrealized loss on strategic equity investments and warrants.	69	(435)	488	(764)
General loan loss reserve for the CLOs	1,251	(440)	833	(33)
CLO refinancing and accelerated expenses	286	-	286	-
Depreciation of commercial real estate in underlying investments	1,745	2,070	3,901	2,400
Amortization of intangible asset	69	-	138	-
Early debt retirement of CLO	5,432	-	5,432	-
Total Consolidation Adjustments and Reconciling Items	9,059	1,863	12,245	2,223
Consolidated pre-tax net income attributable to JMP Group LLC	$ (8,733)	$ (573)	$ (14,557)	$ 1,280
Income tax expense (benefit)	(198)	(246)	(1,282)	(196)
Consolidated Net Income (Loss) attributable to JMP Group LLC	$ (8,535)	$ (327)	$ (13,275)	$ 1,476

Three M onths E nded June 30, 2017 Compared to Three Months Ended June 30, 2016

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $10.8 million, or 128.4%, from $8.4 million for the quarter ended June 30, 2016 to $19.1 million for the same period in 2017. As a percentage of total net revenues after provision for loan losses, investment banking revenues increased from 28.2% for the quarter ended June 30, 2016 to 82.7% for the quarter ended June 30, 2017.

(Dollars in thousands)	Three Months Ended June 30,						Change from 2016 to 2017		
	2017			2016					
	Count	Revenues		Count	Revenues		Count	$	%
Equity and debt origination	37	$	14,384	14	$	3,311	23	$ 11,073	334.4%
Advisory	4		4,744	7		5,064	(3)	(320)	-6.3%
Total transactions	41	$	19,128	21	$	8,375	20	$ 10,753	128.4%

The increase was driven by the 95.2% increase in transactions. The number of transactions where we acted as a lead manager increased from zero to seven for the quarters ended June 30, 2016 and June 30, 2017.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment were $5.1 million and $5.8 million for the quarters ended June 30, 2017 and 2016. Brokerage revenues increased as a percentage of total net revenues after provision for loan losses, from 19.6% for the quarter ended June 30, 2016 to 21.9% for the quarter ended June 30, 2017. On an operating basis, brokerage revenues were 16.4% and 20.5% for the quarters ended June 30, 2017 and 2016, respectively, as a percentage of adjusted net revenue after provision for loan losses.

Asset Management Fees

(In thousands)	Three Months Ended June 30,	
	2017	2016
Base management fees:		
Fees reported as asset management fees	$ 4,098	$ 4,139
Less: Non-controlling interest in HCAP Advisors	(174)	(362)
Total base management fees	3,924	3,777
Incentive fees:		
Fees reported as asset management fees	$ 55	$ 1,448
Less: Non-controlling interest in HCAP Advisors	(15)	(288)
Total incentive fees	40	1,160
Other fee income:		
Fundraising and other income:	$ 195	$ 47
Total other fee income	195	47
Asset management related fees:		
Fees reported as asset management fees	$ 4,153	$ 5,587
Fees reported as other income	195	47
Less: Non-controlling interest in HCAP Advisors	(189)	(650)
Total Segment asset management related fee revenues	$ 4,159	$ 4,984

Fees reported as asset management fees were $4.2 million and $5.6 million for the quarters ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, asset management revenues decreased from 18.8% for the quarter ended June 30, 2016 to 17.9% for the quarter ended June 30, 2017. Fees reported as other income were $0.2 million and $47 thousand for the quarters ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, other income increased from 0.2% for the quarter ended June 30, 2016 to 0.8% for the same period in 2017.

Total segment asset management related fees include base management fees and incentive fees for our funds, HCC, as well as other income from fee-sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds. Segment asset management related fees are a non-GAAP financial measure that adjusts our total segment asset management related fees by reversing the elimination of those fees in the consolidation of HCAP Advisors. Segment asset management related fees are reconciled to the GAAP measure, total segment asset management fee revenues, in the table above.

Total segment asset management related fee revenue decreased $0.8 million, from $5.0 million for the quarter ended June 30, 2016 to $4.2 million for the quarter ended June 30, 2017, which was primarily attributed to the $1.1 million decrease in incentive fees. The decrease in incentive fees was driven by a $0.9 million decline related to incentives in Harvest Small Cap Partners. Other fee income increased from $47 thousand for the quarter ended June 30, 2016 to $0.2 million for the same period in 2017. Total base management fee increased $0.1 million, from $3.8 million for the quarter ended June 30, 2016 to $3.9 million for the same period in 2017. On an operating basis, asset management related fees were 13.4% and 17.5% for the quarters ended June 30, 2017 and 2016, respectively, as a percentage of adjusted net revenues after provision for loan losses.

Principal Transactions

Principal transaction revenues decreased $7.0 million from $6.6 million for the quarter ended June 30, 2016 to a $0.3 million loss for the same period in 2017. As a percentage of total net revenues after provision for loan losses, principal transaction revenues were 22.3% for the quarter ended June 30, 2016 and negative 1.4% for the quarter ended June 30, 2017.

Total segment principal transaction revenues decreased $6.5 million, from $8.2 million for the quarter ended June 30, 2016 to $1.7 million for the same period in 2017. Total segment principal transaction revenues are a non-GAAP financial measure that aggregates our segment reported principal transaction revenues across each segment. The principal transaction revenues for both 2017 and 2016 were based in our Corporate segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below.

(In thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
Hedge fund investments	$ 352	$ (266)
Investment in HCC	(69)	435
Other principal transactions	(606)	6,463
Total principal transaction revenues	(323)	6,632
Operating adjustment addbacks	2,048	1,584
Total Segment principal transaction revenues	$ 1,725	$ 8,216

The decline primarily reflects reduced revenue from our other principal transactions related to a $6.0 million sale of our interest in Riverbanc in 2016 and investment in HCC, partially offset by our hedge fund investments. On an operating basis, as a percentage of total net revenues after provision for loan losses, principal transaction revenues decreased from 28.9% for the quarter ended June 30, 2016 to 5.6% for the quarter ended June 30, 2017.

Gain and Loss on Sale and Payoff of Loans

Gain on sale and payoff of loans increased from a $0.5 million loss for the quarter ended June 30, 2016 to a $0.1 million gain for the quarter ended June 30, 2017. Gain and loss on sale and payoff of loans was incurred in our Corporate segment. On a segment basis, gain on sale and payoff of loans increased from a $0.3 million loss for the quarter ended June 30, 2016 to a $0.1 million gain for the quarter ended June 30, 2017.

Net Dividend Income

Net dividend income was $0.3 million and $0.2 million for the quarters ended June 30, 2017 and 2016, respectively. Net dividend income primarily related to dividends from our HCC investment.

Net Interest Income/Expense

(In thousands)	Three Months Ended June 30, 2017	Three Months Ended June 30, 2016
CLO I loan contractual interest income	$ 4	$ 2,534
CLO I ABS issued contractual interest expense	-	(1,116)
Net CLO I contractual interest	4	1,418
CLO II loan contractual interest income	$ 2,468	$ 4,097
CLO II ABS issued contractual interest expense	(1,698)	(1,998)
Net CLO II contractual interest	770	2,099
CLO III loan contractual interest income	$ 4,473	$ 4,584
CLO III ABS issued contractual interest expense	(2,546)	(2,410)
Net CLO III contractual interest	1,927	2,174
CLO IV loan contractual interest income	$ 1,766	$ -
CLO IV ABS issued contractual interest expense	(821)	-
Net CLO IV contractual interest	945	-
Bond Payable interest expense	(1,900)	(1,900)
Less: Non-controlling interest in CLOs	(1,953)	(2,011)
Other interest income	207	223
Total Segment net interest income	$ -	$ 2,003
Non-controlling interest in CLOs	1,953	2,011

Total net interest income (expense)	$ 1,953	$ 4,014

Net interest income decreased $2.0 million from $4.0 million for the quarter ended June 30, 2016 to $2.0 million for the quarter ended June 30, 2017. The net interest income decline was driven primarily by the decrease in CLO I and CLO II interest earned in the quarter ended June 30, 2017 compared to the same period in 2016, relating to the closing of these CLOs in 2017. As a percentage of total net revenues after provision for loan losses, net interest income was 13.5% for the quarter ended June 30, 2016 and 8.4% for the quarter ended June 30, 2017.

Total segment net interest income decreased from $2.0 million for the quarter ended June 30, 2016 to zero for the quarter ended June 30, 2017. Net interest income is earned in our Corporate segment, and reflects our portion of the net CLO contractual interest. Total segment net interest income is reconciled to the GAAP measure, total net interest expense, in the table above. As a percentage of total segment net revenues, net interest income was zero and 7.1% for the quarters ended June 30, 2017 and 2016, respectively.

The following table sets forth contractual interest income and expense related to CLO loans and ABS issued and their weighted average contractual interest rates:

(In thousands)	Three Months Ended June 30, 2017				
	Interest Income (Expense)	Average CLO Loan (CLO ABS Issued) Balance	Weighted Average Contractual Interest Rate	Weighted Average LIBOR	Spread to Weighted Average LIBOR
CLO I loan contractual interest income	$ 4	$ 921	5.72%	0.00%	5.72%
CLO I ABS issued contractual interest expense	0	0	0.00%	0.00%	0.00%
CLO II loan contractual interest income	2,468	196,828	5.07%	1.13%	3.94%
CLO II ABS issued contractual interest expense	(1,698)	(213,226)	3.05%	1.13%	1.92%
CLO III loan contractual interest income	4,473	358,584	5.00%	1.13%	3.87%
CLO III ABS issued contractual interest expense	(2,546)	(332,100)	3.03%	1.13%	1.90%
CLO IV loan contractual interest income	1,766	145,864	4.79%	1.33%	3.46%
CLO IV ABS issued contractual interest expense	(821)	(424,718)	3.40%	1.33%	2.07%
Net CLO contractual interest	$ 3,646	$ N/A	N/A	N/A	N/A

(In thousands)	Three Months Ended June 30, 2016				
	Interest Income (Expense)	Average CLO Loan (CLO ABS Issued) Balance	Weighted Average Contractual Interest Rate	Weighted Average LIBOR	Spread to Weighted Average LIBOR
CLO I loan contractual interest income	$ 2,534	$ 260,851	5.73%	0.62%	5.11%
CLO I ABS issued contractual interest expense	(1,116)	(281,446)	1.78%	0.62%	1.16%
CLO II loan contractual interest income	4,097	323,953	5.00%	0.63%	4.37%
CLO II ABS issued contractual interest expense	(1,998)	(316,258)	2.50%	0.63%	1.87%
CLO III loan contractual interest income	4,584	353,111	5.14%	0.63%	4.51%
CLO III warehouse/ABS issued contractual interest expense	(2,410)	(332,100)	2.87%	0.63%	2.24%
Net CLO contractual interest	$ 5,691	$ N/A	N/A	N/A	N/A

Provision for Loan Losses

(In thousands)	Three Months Ended June 30,	
	2017	2016
CLO related provision	$ (1,832)	$ (10)
Non-CLO related provision	(22)	(443)
Provision for Loan Losses	$ (1,854)	$ (453)
Less: General reserves related to CLO II, CLO III and CLO IV, and non-controlling interest	1,445	(371)
Segment Provision for Loan Losses	$ (409)	$ (824)

Provision for loan losses increased $1.4 million, from $0.5 million for the quarter ended June 30, 2016 to $1.9 million for the same period in 2017. Approximately $0.5 million of the increase related to specific reserves held in both CLO II and CLO III portfolios. As a percent of net revenues after provision for loan losses, provision for loan losses were negative 1.5% for the quarter ended June 30, 2016 and negative 8.0% for the quarter ended June 30, 2017.

Total segment provision for loan losses decreased from $0.8 million for the quarter ended June 30, 2016 to $0.4 million for the quarter ended June 30, 2017. Total segment provision for loan losses is a non-GAAP financial measure that aggregates our segment reported provision for loan losses across each segment. Our total segment provision for loan losses in 2017 and 2016 was solely recognized in our Corporate segment. As a percent of total segment adjusted net revenues, segment provision for loan losses were 1.3% and 2.9% for the quarters ended June 30, 2017 and 2016, respectively.

Expenses

<u>*Non-Interest Expenses*</u>

Compensation and Benefits

Compensation and benefits, which includes employee payroll, taxes and benefits, performance-based cash bonus and commissions, as well as equity-based compensation to our employees and managing directors, increased $2.0 million, or 9.5%, from $20.7 million for the quarter ended June 30, 2016 to $22.7 million for the quarter ended June 30, 2017.

Employee payroll, taxes and benefits, and consultant fees were $11.0 million for both the quarters ended June 30, 2017 and 2016. Performance-based bonus and commission increased $2.5 million from $8.4 million for the quarter ended June 30, 2016 to $10.9 million for the quarter ended June 30, 2017.

Equity-based compensation was $0.5 million and $1.3 million for the quarters ended June 30, 2017 and 2016, respectively. The equity-based compensation included a $0.5 million decline in share options and share appreciation rights.

Compensation and benefits as a percentage of revenues increased from 69.6% of total net revenues after provision for loan losses for the quarter ended June 30, 2016 to 97.9% for the same period in 2017.

Our segment reported compensation and benefits, which recognizes 100% of the cost of deferred compensation, including non-cash share-based compensation expense, in the period for which such compensation was awarded, instead of recognizing such cost over the vesting period as required under GAAP, in order to match compensation expense with the actual period upon which the compensation was based. The segment reported compensation and benefits increased $2.7 million from $19.7 million for the quarter ended June 30, 2016 to $22.4 million for the quarter ended June 30, 2017. As a percent of total segment net revenues, compensation and benefits were 72.4% and 69.3% for the quarters ended June 30, 2017 and 2016, respectively.

Administration

Administration expense was $2.7 million and $2.0 million for the quarters ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, administration expense increased from 6.8% for the quarter ended June 30, 2016 to 11.8% for the same period in 2017.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fees were $0.8 million for both the quarters ended June 30, 2017 and 2016. As a percentage of total net revenues after provision for loan losses, our brokerage, clearing and exchange fees increased from 2.7% for the quarter ended June 30, 2016 to 3.4% for the same period in 2017.

Travel and Business Development

Travel and business development expenses decreased $0.1 million, from $1.2 million for the quarter ended June 30, 2016 to $1.1 million for the quarter ended June 30, 2017. As a percentage of total net revenues after provision for loan losses, travel and business development expense were 4.8% and 4.2% for the quarters ended June 30, 2017 and 2016, respectively.

Communications and Technology

Communications and technology expenses were $1.1 million and $1.0 million for the quarters ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, communications and technology expense increased from 3.5% for the quarter ended June 30, 2016 to 4.5% for the same period in 2017.

Professional Fees

Professional fees decreased $0.2 million from $1.1 million for the quarter ended June 30, 2016 to $0.9 million for the quarter ended June 30, 2017. As a percentage of total net revenues after provision for loan losses, professional fees increased from 3.5% for the quarter ended June 30, 2016 to 3.7% for the same period in 2017.

Other Expenses

Other expenses increased $0.6 million, or 31.8%, from $1.8 million for the quarter ended June 30, 2016 to $2.4 million for the quarter ended June 30, 2017. The increase was attributed to a $0.2 million increase in occupancy and $0.4 million increase in other expenses. As a percentage of total net revenues after provision for loan losses, other expenses were 10.2% and 6.0% for the quarters ended June 30, 2017 and 2016, respectively.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest decreased from $1.7 million for the quarter ended June 30, 2016 to $0.3 million for the quarter ended June 30, 2017. Non-controlling interest for the quarters ended June 30, 2017 and 2016 includes the interest of third parties in CLO I, CLO II, CLO III, and HCAP Advisors.

Provision for Income Taxes

For both the quarters ended June 30, 2017 and 2016, we recorded income tax benefit of $0.2 million.

Our operating net income assumes a rate of 38% at the taxable direct subsidiary, while applying a tax rate of 0% to the company's other direct subsidiary, which is a "pass-through entity" for tax purpose. Segment income tax benefit decreased $1.1 million, from $1.3 million for the quarter ended June 30, 2016 to a $0.2 million benefit for the quarter ended June 30, 2017.

Six Months Ended June 30, 2017 Compared to Six Months Ended June 30, 2016

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $6.0 million, or 128.4%, from $26.7 million for the six months ended June 30, 2016 to $32.7 million for the same period in 2017. As a percentage of total net revenues after provision for loan losses, investment banking revenues increased from 39.1% for the six months ended June 30, 2016 to 69.2% for the same period ended June 30, 2017.

(Dollars in thousands)	Six Months Ended June 30,				Change from 2016 to 2017		
	2017		2016				
	Count	Revenues	Count	Revenues	Count	$	%
Equity and debt origination	60	$ 24,854	24	$ 9,538	36	$ 15,316	160.6%
Advisory	7	7,874	11	17,132	(4)	(9,258)	-54.0%
Total cash flows	67	$ 32,728	35	$ 26,670	32	$ 6,058	22.7%

Investment banking revenues primarily related to equity and debt origination for the six months ended June 30, 2017. The increase was driven by an increase in the number of executed transactions. The number of transactions where we acted as a lead manager increased from zero to 12 for the six months ended June 30, 2016 and June 30, 2017, respectively.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment were $10.4 million and $11.9 million for the six months ended June 30, 2017 and 2016, respectively. Brokerage revenues increased as a percentage of total net revenues after provision for loan losses, from 17.4% for the six months ended June 30, 2016 to 21.9% for the six months ended June 30, 2017. On an operating basis, brokerage revenues were 18.4% and 18.3% for the six months ended June 30, 2017 and 2016, respectively, as a percentage of adjusted net revenue after provision for loan losses.

Asset Management Fees

(In thousands)	Six Months Ended June 30,	
	2017	2016
Base management fees:		
Fees reported as asset management fees	$ 8,143	$ 8,274
Less: Non-controlling interest in HCAP Advisors	(508)	(726)
Total base management fees	7,635	7,548
Incentive fees:		
Fees reported as asset management fees	$ 1,920	$ 6,640
Less: Non-controlling interest in HCAP Advisors	(128)	(550)
Total incentive fees	1,792	6,090
Other fee income:		
Fundraising and other income:	$ 641	$ 272
Total other fee income	641	272
Asset management related fees:		
Fees reported as asset management fees	$ 10,063	$ 14,914
Fees reported as other income	641	272
Less: Non-controlling interest in HCAP Advisors	(636)	(1,276)
Total Segment asset management related fee revenues	$ 10,068	$ 13,910

Fees reported as asset management fees were $10.1 million and $14.9 million for the six months ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, asset management revenues decreased from 21.8% for the six months ended June 30, 2016 to 21.3% for the same period in 2013. Fees reported as other income were $0.6 million and $0.3 million for the six months ended June 30, 2017 and 2016, respectively. As a percentage of total net revenues after provision for loan losses, other income increased from 0.4% for the six months ended June 30, 2016 to 1.4% for the same period in 2017.

Total segment asset management related fees include base management fees and incentive fees for our funds, HCC and CLOs under management, as well as other income from fee-sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds. Segment asset management related fees are a non-GAAP financial measure that adjusts our total segment asset management related fees by reversing the elimination of those fees in the consolidation of HCAP Advisors. Segment asset management related fees are reconciled to the GAAP measure, total segment asset management fee revenues, in the table above.

Total segment asset management related fee revenue decreased $3.8 million, from $13.9 million for the six months ended June 30, 2016 to $10.1 million for the same period ended June 30, 2017, which was primarily attributed to the $4.3 million decrease in incentive fees. The decrease in incentive fees was driven by a $3.9 million decline in Harvest Small Cap Partners incentive fees. Total base management fee increased $0.1 million, from $7.5 million for the six months ended June 30, 2016 to $7.6 million for the same period in 2017. Other fee income increased from $0.3 million for the six months ended June 30, 2016 to $0.6 million for the same period in 2017. On an operating basis, asset management related fees were 17.9% and 21.4% for the six months ended June 30, 2017 and 2016, respectively, as a percentage of adjusted net revenues after provision for loan losses.

Principal Transactions

Principal transaction revenues decreased $9.8 million from $7.6 million for the six months ended June 30, 2016 to a $2.2 million loss for the same period in 2017. As a percentage of total net revenues after provision for loan losses, principal transaction revenues were 11.1% for the six months ended June 30, 2016 and negative 4.7% for the same period in 2017.

Total segment principal transaction revenues decreased $6.7 million, from $9.1 million for the six months ended June 30, 2016 to $2.3 million for the same period in 2017. Total segment principal transaction revenues are a non-GAAP financial measure that aggregates our segment reported principal transaction revenues across each segment. The principal transaction revenues for both 2016 and 2017 were based in our Corporate segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below.

(In thousands)	**Six Months Ended June 30,**	
	2017	**2016**
Hedge fund investments	$ 482	$ (866)
Investment in HCC	(488)	748
Other principal transactions	(2,209)	7,680
Total principal transaction revenues	(2,215)	7,562
Operating adjustment addbacks	4,548	1,508
Total Segment principal transaction revenues	$ 2,333	$ 9,070

The decrease is driven by other principal transactions related to a $6.0 million sale of our interest in Riverbanc in 2016, our investment in HCC, partially offset by our hedge fund investments. On an operating basis, as a percentage of total net revenues after provision for loan losses, principal transaction revenues decreased from 13.9% for the six months ended June 30, 2016 to 4.1% for the six months ended June 30, 2017.

Gain and Loss on Sale and Payoff of Loans

Loss on sale and payoff of loans was incurred in our Corporate segment. Gain on sale and payoff of loans increased from a $0.9 million loss for the six months ended June 30, 2016 to a $0.9 million gain for the six months ended June 30, 2017, respectively. On a segment basis, gain (loss) on sale and payoff of loans was a $0.7 million loss and a $0.9 million gain for the six months ended June 30, 2016 and 2017, respectively.

Net Dividend Income

Net dividend income was $0.5 million and $0.6 million for the six months ended June 30, 2017 and 2016, respectively. Net dividend income primarily related to dividends from our HCC investment.

Net Interest Income/Expense

(In thousands)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
CLO I loan contractual interest income	$ 95	$ 5,390
CLO I ABS issued contractual interest expense	(602)	(2,176)
Net CLO I contractual interest	(507)	3,214
CLO II loan contractual interest income	$ 6,021	$ 8,202
CLO II ABS issued contractual interest expense	(3,881)	(3,956)
Net CLO II contractual interest	2,140	4,246
CLO III loan contractual interest income	$ 8,863	$ 9,179
CLO III ABS issued contractual interest expense	(5,185)	(4,761)
Net CLO III contractual interest	3,678	4,418
CLO IV loan contractual interest income	$ 1,766	$ -
CLO IV ABS issued contractual interest expense	(821)	-
Net CLO IV contractual interest	945	-
Bond Payable interest expense	(3,801)	(3,813)
Less: Non-controlling interest in CLOs	(1,970)	(4,066)
Other interest income	470	375
Total Segment net interest income	$ 955	$ 4,374
Non-controlling interest in CLOs	1,970	4,066
Total net interest income (expense)	$ 2,925	$ 8,440

Net interest income decreased $5.5 million from $8.4 million for the six months ended June 30, 2016 to $2.9 million for the same period ended 2017. The net interest income decline was driven primarily by the closures of CLO I and CLO II, partially offset by net interest income at newly launched CLO IV. As a percentage of total net revenues after provision for loan losses, net interest income was 12.4% for the six months ended June 30, 2016 and 6.2% for the same period in 2017.

Total segment net interest income decreased from $4.4 million for the six months ended June 30, 2016 to $1.0 million for the same period in 2017. Net interest income is earned in our Corporate segment, and reflects our portion of the net CLO contractual interest. Total segment net interest income is reconciled to the GAAP measure, total net interest expense, in the table above. As a percentage of total segment net revenues, net interest income was 6.7% and 1.6% for the six months ended June 30, 2016 and 2017, respectively.

The following table sets forth contractual interest income and expense related to CLO loans and ABS issued and their weighted average contractual interest rates:

(In thousands)	Six Months Ended June 30, 2017				
	Interest Income (Expense)	Average CLO Loan (CLO ABS Issued) Balance	Weighted Average Contractual Interest Rate	Weighted Average LIBOR	Spread to Weighted Average LIBOR
CLO I loan contractual interest income	$ 95	$ 6,975	4.10%	0.39%	3.71%
CLO I ABS issued contractual interest expense	(602)	(85,500)	1.03%	0.39%	0.64%
CLO II loan contractual interest income	6,021	244,074	4.97%	1.07%	3.90%
CLO II ABS issued contractual interest expense	(3,881)	(256,749)	2.98%	1.07%	1.91%
CLO III loan contractual interest income	8,863	357,302	4.97%	1.07%	3.90%
CLO III ABS issued contractual interest expense	(2,546)	(332,100)	3.11%	1.07%	2.04%
CLO IV loan contractual interest income	1,766	73,335	4.79%	1.33%	3.46%
CLO IV ABS issued contractual interest expense	(821)	(424,718)	3.40%	1.33%	2.07%
Net CLO contractual interest	$ 8,895	$ N/A	N/A	N/A	N/A

(In thousands)	Six Months Ended June 30, 2016					
	Interest Income (Expense)	Average CLO Loan (CLO ABS Issued) Balance	Weighted Average Contractual Interest Rate	Weighted Average LIBOR	Spread to Weighted Average LIBOR
CLO I loan contractual interest income	$ 5,390	$ 281,526	4.53%	0.55%	3.98%
CLO I ABS issued contractual interest expense	(2,176)	(291,690)	1.68%	0.55%	1.13%
CLO II loan contractual interest income	8,202	323,248	5.02%	0.60%	4.42%
CLO II ABS issued contractual interest expense	(3,956)	(316,448)	2.47%	0.60%	1.87%
CLO III loan contractual interest income	9,179	352,098	5.16%	0.59%	4.57%
CLO III ABS issued contractual interest expense	(4,761)	(332,100)	2.84%	0.59%	2.25%
Net CLO contractual interest	$ 11,878	$ N/A	N/A	N/A	N/A

Provision for Loan Losses

(In thousands)	Six Months Ended June 30, 2017	Six Months Ended June 30, 2016
CLO related provision	$ (2,387)	$ (641)
Non-CLO related provision	(733)	(443)
Provision for Loan Losses	$ (3,120)	$ (1,084)
Less: General reserves related to CLO II, CLO III and CLO IV, and non-controlling interest	1,298	272
Segment Provision for Loan Losses	$ (1,822)	$ (812)

Provision for loan losses increased $2.0 million, from a $1.1 million for the six months ended June 30, 2016 to $3.1 million for the same period in 2017. Approximately $1.5 million of the increase related to specific reserves on loans held in both CLO II and CLO III portfolios. As a percent of net revenues after provision for loan losses, provision for loan losses were 6.6% for the six months ended June 30, 2017 and negative 1.6% for the same period ended 2016.

Total segment provision for loan losses increased from $0.8 million for the six months ended June 30, 2016 to $1.8 million for the six months ended June 30, 2017. Total segment provision for loan losses is a non-GAAP financial measure that aggregates our segment reported provision for loan losses across each segment. Our total segment provision for loan losses in 2017 and 2016 was solely recognized in our Corporate segment. As a percent of total segment adjusted net revenues, segment provision for loan losses were 3.2% and 1.2% for the six months ended June 30, 2017 and 2016, respectively.

Expenses

Non-Interest Expenses

Compensation and Benefits

Compensation and benefits, which includes employee payroll, taxes and benefits, performance-based cash bonus and commissions, as well as equity-based compensation to our employees and managing directors, decreased $3.7 million, or 7.6%, from $48.1 million for the six months ended June 30, 2016 to $44.5 million for the same period ended June 30, 2017.

Employee payroll, taxes and benefits, and consultant fees were $23.2 million and $23.1 million for the six months ended June 30, 2016 and 2017, respectively. Performance-based bonus and commission decreased $2.5 million from $22.3 million for the six months ended June 30, 2016 to $19.8 million for the same period in 2017.

Equity-based compensation was $1.3 million and $2.5 million for the six months ended June 30, 2017 and 2016, respectively. The equity-based compensation included a $0.7 million decline in share options and share appreciation rights.

Compensation and benefits as a percentage of revenues increased from 70.5% of total net revenues after provision for loan losses for the six months ended June 30, 2016 to 94.0% for the same period in 2017.

Our segment reported compensation and benefits, which recognizes 100% of the cost of deferred compensation, including non-cash share-based compensation expense, in the period for which such compensation was awarded, instead of recognizing such cost over the vesting period as required under GAAP, in order to match compensation expense with the actual period upon which the compensation was based. The segment reported compensation and benefits decreased $3.9 million from $46.8 million for the six months ended June 30, 2016 to $42.9 million for the same period ended June 30, 2017. As a percent of total segment net revenues, compensation and benefits were 76.3% and 72.0% for the six months ended June 30, 2016 and 2017, respectively.

Administration

Administration expense increased $0.7 million, from $3.8 million for the six months ended June 30, 2016 to $4.5 million for the six months ended June 30, 2017. As a percentage of total net revenues after provision for loan losses, administration expense increased from 5.6% for the six months ended June 30, 2016 to 9.6% for the same period in 2017.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fees were $1.6 million and $1.5 million for the six months ended June 30, 2016 and 2017, respectively. As a percentage of total net revenues after provision for loan losses, our brokerage, clearing and exchange fees increased from 2.3% for the six months ended June 30, 2016 to 3.3% for the same period in 2017.

Travel and Business Development

Travel and business development expenses decreased $0.5 million, from $2.5 million for the six months ended June 30, 2016 to $2.0 million for the six months ended June 30, 2017. As a percentage of total net revenues after provision for loan losses, travel and business development expense were 4.3% and 3.7% for the six months ended June 30, 2017 and 2016, respectively.

Communications and Technology

Communications and technology expenses were $2.1 million for both the six months ended June 30, 2017 and 2016. As a percentage of total net revenues after provision for loan losses, communications and technology expense increased from 3.0% for the six months ended June 30, 2016 to 4.4% for the same period in 2017.

Professional Fees

Professional fees decreased $0.1 million from $2.1 million for the six months ended June 30, 2016 to $2.0 million for the six months ended June 30, 2017. As a percentage of total net revenues after provision for loan losses, professional fees increased from 3.1% for the six months ended June 30, 2016 to 4.3% for the same period in 2017.

Other Expenses

Other expenses increased $0.8 million, or 21.2%, from $3.7 million for the six months ended June 30, 2016 to $4.5 million for the six months ended June 30, 2017. The increase was attributed to a $0.4 million increase in occupancy and a $0.5 million increase in other expenses. As a percentage of total net revenues after provision for loan losses, other expenses were 5.4% and 9.4% for the six months ended June 30, 2016 and 2017, respectively.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest decreased from $3.1 million for the six months ended June 30, 2016 to $0.9 million for the six months ended June 30, 2017. Non-controlling interest for the six months ended June 30, 2016 and 2017 includes the interest of third parties in CLO I, CLO II, CLO III, and HCAP Advisors.

Provision for Income Taxes

For the six months ended June 30, 2017 and 2016, we recorded income tax benefit of $1.3 million and $0.2 million, respectively. For the purposes of calculating operating net income, an effective tax rate of 38% is assumed for our taxable subsidiaries, based on our best estimation of the subsidiary's average rate of taxation over the long term. Segment income tax benefit decreased $0.4 million, from $1.2 million for the six months ended June 30, 2016 to $0.8 million for the six months ended June 30, 2017.

Financial Condition, Liquidity and Capital Resources

In the section that follows, we discuss the significant changes in the components of our balance sheet, cash flows and capital resources and liquidity for the six months ended June 30, 2017 to demonstrate where our capital is invested and the financial condition of the Company.

Overview

As of June 30, 2017, we had net liquid assets of $99.6 million, consisting of cash and cash equivalents, proceeds from short sales on deposit, receivable from clearing broker, marketable securities owned, and general partner investments in hedge funds managed by HCS, net of marketable securities sold but not yet purchased, accrued compensation, deferred compensation paid in January 2014, and non-controlling interest. We have satisfied our capital and liquidity requirements primarily through the net proceeds from the initial public offering, the January 2013 issuance of the 2013 Senior Notes, the January 2014 issuance of the 2014 Senior Notes, and internally generated cash from operations. Most of our financial instruments, other than loans collateralizing asset-backed securities issued, loans held for investment and asset-backed securities issued, are recorded at fair value or amounts that approximate fair value.

Liquidity Considerations Related to CLOs

On April 7, 2009, we invested $4.0 million of cash and granted $3.0 million original par amount, with a $2.3 million estimated fair value, of contingent consideration (a zero coupon note) to acquire 100% of the membership interests and net assets of $7.5 million of CLO I. In December 2009, we repurchased the contingent consideration for $1.8 million. In the fourth quarter of 2016, CLO I initiated liquidation proceedings. The liquidation was completed in the second quarter of 2017.

On April 30, 2013, we invested $23.3 million in unsecured subordinated notes of CLO II. We repurchased $6.0 million of the subordinated notes in the first quarter of 2014 and $7.0 million of Class F notes in March 2017. During the second quarter of 2017, the equity holders of CLO II called the notes, and we, as the manager of the CLO, began the process of liquidating the portfolio. As of June 30, 2017, the liquidation was substantially complete, and there were no CLO II notes outstanding.

Our maximum exposure to loss of capital on the CLOs is the $13.5 million investment related to CLO III and $39.0 million investment in CLO IV plus any earnings retained in the CLOs since the inception dates. However, for U.S. federal tax purposes, the CLOs are treated as disregarded entities such that the taxable income earned in the CLO is taxable to us. If the CLOs are in violation of certain coverage tests, mainly any of their over-collateralization ratios, residual cash flows otherwise payable to us as owners of the subordinated notes would be required to be used to repay indebtedness senior to us in the securitization, or, for CLO III or CLO IV, potentially to buy additional collateral. This could require us to pay income tax on earnings prior to the residual cash flow distributions to us.

The CLOs must comply with certain asset coverage tests, such as tests that restrict the amount of discounted obligations and obligations rated “CCC” or lower it can hold. Defaulted obligations, discounted assets and assets rated “CCC” or lower in excess of applicable limits in the CLOs investment criteria are not given full par credit for purposes of calculation of the CLO over-collateralization (“OC”) tests. We were in compliance with all OC tests on the determination dates since February 2010. However, we have been in violation and may be in the future. If any of the CLOs were to violate any of the secured note OC tests, we would be required to pay down the most senior notes with the residual cash flows until the violation was cured. In the most extreme case, if a CLO were in violation of the most senior OC test, the Class A note holders would have the ability to declare an event of default and cause an acceleration of all principal and interest outstanding on the notes.

For financial reporting purposes, the loans and asset-backed securities of the CLOs are consolidated on our balance sheet. The loans are reported at their cost adjusted for credit reserves, purchase discounts and allowance for loan losses. The asset-backed securities are recorded net of liquidity discounts and original issue discounts. At June 30, 2017, we had $757.8 million of loans collateralizing asset-backed securities, net, $4.7 million loans held for investment, $48.2 million of restricted cash and $1.7 million of interest receivable funded by $737.2 million of asset-backed securities issued, net, and interest payable of $2.2 million. These assets and liabilities represented 81.3% of total assets and 84.5% of total liabilities respectively, reported on our Consolidated Statement of Financial Condition at June 30, 2017.

The tables below summarize the loans held by the CLOs grouped by range of outstanding balance, Moody’s Investors Services, Inc. rating category and industry as of June 30, 2017.

(Dollars in thousands)	As of June 30, 2017		
Range of Outstanding Balance	**Number of Loans**	**Maturity Date**	**Total Principal**
$0 - $500	96	10/2017-6/2024	$ 42,480
$500 - $2,000	334	10/2017-7/2025	455,248
$2,000 - $5,000	97	1/2019-5/2024	265,580
$5,000 - $10,000	2	6/2021-9/2023	13,950
Total	529		$ 777,258

(Dollars in thousands)	As of June 30, 2017			
Industry	**Number of Loans**		**Outstanding Balance**	**% of Outstanding Balance**
Aerospace & Defense	19	$	24,201	3.1%
Automotive	25		32,162	4.1%
Banking, Finance, Insurance & Real Estate	29		32,949	4.2%
Beverage, Food & Tobacco	27		35,064	4.5%
Capital Equipment	18		21,105	2.7%
Chemicals, Plastics & Rubber	22		23,104	3.0%
Construction & Building	18		26,272	3.4%
Consumer Goods: Durable	14		20,054	2.6%
Consumer Goods: Non-Durable	14		22,218	2.9%
Containers, Packaging & Glass	16		20,061	2.6%
Energy: Electricity	5		11,154	1.4%
Energy: Oil & Gas	9		9,539	1.2%
Environmental Industries	11		15,203	2.0%
Forest Products & Paper	1		995	0.1%
Healthcare & Pharmaceuticals	39		58,453	7.5%
High Tech Industries	38		63,876	8.2%
Hotel, Gaming & Leisure	37		50,257	6.5%
Media: Diversified & Production	4		9,855	1.3%
Media: Advertising, Printing, Publishing	7		9,054	1.2%
Media: Broadcasting & Subscription	18		31,663	4.1%
Metals & Mining	4		4,781	0.6%
Retail	37		61,287	7.9%
Services: Business	47		80,349	10.3%
Services: Consumer	26		46,320	6.0%
Telecommunications	21		31,172	4.0%
Transportation: Cargo	14		20,295	2.6%
Transportation: Consumer	2		3,468	0.4%
Utilities: Oil & Gas	2		2,925	0.4%
Utilities: Electric	2		5,017	0.6%
Wholesale	3		4,405	0.6%
	529		777,258	100%

(Dollars in thousands)	As of June 30, 2017			
Moody's Rating Category	**Number of Loans**		**Outstanding Balance**	**% of Outstanding Balance**
B1	117	$	179,279	23.1%
B2	190		278,848	35.9%
B3	87		125,107	16.1%
Ba1	13		25,301	3.3%
Ba2	28		33,687	4.3%
Ba3	51		73,164	9.4%
Baa3	4		7,439	1.0%
C	1		1,491	0.2%
Caa1	26		43,615	5.6%
Caa2	9		7,262	0.9%
Caa3	1		1,090	0.1%
WR	2		975	0.1%
Total	529	$	777,258	100%

Other Liquidity Considerations

As of June 30, 2017, our indebtedness consists of our bonds payable. We have no outstanding balances on our revolving lines of credit with City National Bank ("CNB"), related to JMP Holding LLC or JMP Securities.

In January 2013, we raised approximately $46.0 million from the sale of 8.00% Senior Notes (“2013 Senior Notes”). In January 2014, we raised an additional approximate $48.3 million from the sale of 7.25% Senior Notes (“2014 Senior Notes” and the 2013 Senior Notes together with the 2014 Senior Notes are the “Senior Notes”). The 2013 Senior Notes will mature on January 15, 2023 and may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after January 15, 2016, at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2013 Senior Notes bear interest at a rate of 8.00% per year, payable quarterly on January 15, April 15, July 15 and October 15 of each year. The 2014 Senior Notes will mature on January 15, 2021, and may be redeemed in whole or in part at any time or from time to time at the Company’s option on or after January 15, 2017, at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2014 Senior Notes bear interest at a rate of 7.25% per year, payable quarterly on January 15, April 15, July 15 and October 15 of each year. In February 2016, the Company purchased $0.5 million face value of the Senior Notes for $0.4 million.

In connection with the Reorganization Transaction, we entered into a Third Supplemental Indenture, dated as of October 15, 2014 (the “Third Supplemental Indenture”), among the JMP Group Inc., JMP Group LLC and JMP Investment Holdings LLC, as guarantors (the “Guarantors”), and U.S. Bank National Association, as trustee. The Third Supplemental Indenture became effective on January 1, 2015. Under the Third Supplemental Indenture, the Guarantors have jointly and severally provided a full and unconditional guarantee of the due and punctual payment of the principal and interest on the Senior Notes, and the due and punctual payment or performance of all other obligations of JMP Group Inc. under the Indenture, dated as of January 24, 2013, between JMP Group Inc. and the Trustee, as supplemented by a First Supplemental Indenture, dated as of January 25, 2013, a Second Supplemental Indenture, dated as of January 29, 2014 and the Third Supplemental Indenture, dated as of October 15, 2014.

The Company’s Credit Agreement (the “Credit Agreement”), dated as of August 3, 2006, was entered into by and between JMP Holding LLC and City National Bank (“CNB”), and was subsequently amended. The Credit Agreement and subsequent amendments provide a $25.0 million line of credit with a revolving period of one year through May 2, 2018. On such date, any outstanding amounts convert to a term loan. The term loan will be repaid in quarterly installments of 3.75% of funded debt for the first two years, 5.00% of funded debt for the next two years, and the remainder due at maturity. Proceeds for this line of credit will be used to make financial investments, for working capital purposes, for general corporate purposes, as well as a $5.0 million sublimit to issue letters of credit. The Company’s outstanding balance on this line of credit was zero as of both June 30, 2017 and December 31, 2016.

The Credit Agreement for the term loan provides that the proceeds of the CNB Loans are subject to the following restrictions: (i) the initial term loan and up to $5.0 million of the revolving line of credit loans may not be used for any purpose other than to fund certain permitted investments and acquisitions and to fund JMP Holding LLC’s working capital needs in the ordinary course of its business; (ii) all other proceeds of the revolving line of credit may not be used for any purpose other than to make investments in HCS and by HCS to make investments in loans that are made to persons that are not affiliates of borrower; and (iii) the term loan may not be used for any purpose other than to make equity investments in CLOs and by CLOs to make certain permitted investments in collateralized loan obligations.

The Credit Agreement includes a minimum fixed charge applicable to us and our subsidiaries, a minimum net worth covenant applicable to us and our subsidiaries and a minimum liquidity covenant applicable to JMP Holding LLC and its subsidiaries. As of June 30, 2017, we were in compliance with all of these financial covenants. The Credit Agreement also includes an event of default for a “change of control” that tests, in part, the composition of our ownership and an event of default if two or more of the members of the Company’s Executive Committee fail to be involved actively on an ongoing basis in the management of JMP Holding LLC or any of its subsidiaries. The CNB Loans are guaranteed by HCS and secured by a lien on substantially all assets of JMP Holding LLC and HCS.

Separately, under a Revolving Note and Cash Subordination Agreement, JMP Securities holds a $20.0 million revolving line of credit with CNB to be used for regulatory capital purposes during its securities underwriting activities. The unused portion of the line bears interest at the rate of 0.25% per annum, paid monthly. On June 6, 2017, JMP Securities entered into an amendment to its Credit Agreement (the “Amendment”). Pursuant to this Amendment, the $20.0 million line of credit was renewed for one year. On June 6, 2018, any existing outstanding amount will convert to a term loan maturing the following year. The remaining terms of this line of credit are consistent with those of the existing line of credit. There was no borrowing on this line of credit as of June 30, 2017 and December 31, 2016.

The Credit Agreement contains financial and other covenants, including, but not limited to, limitations on debt, liens and investments, as well as the maintenance of certain financial covenants. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate the Company’s note and require the immediate repayment of any outstanding principal and interest. At both June 30, 2017 and December 31, 2016, the Company was in compliance with the loan covenants. The revolving lines of credit are collateralized by a pledge of the Company’s assets, including its interests in each of JMP Securities and HCS.

The timing of bonus compensation payments to our employees may significantly affect our cash position and liquidity from period to period. While our employees and managing directors are generally paid semi-monthly during the year, bonus compensation, which makes up a larger portion of total compensation, is generally paid once a year during the first two months of the following year. In the first two months of 2017, we paid out $29.8 million of cash bonuses for 2016, excluding employer payroll tax expense.

The Company currently intends to continue to declare monthly cash distributions on all outstanding shares. The following table represents cash distributions made for the months of six months ended June 30, 2017.

Date Declared	Record Date	Date Paid	Per Share Amount
1/19/2017	1/31/2017	2/15/2017	$0.030
1/19/2017	2/28/2017	3/15/2017	$0.030
1/19/2017	3/31/2017	4/14/2017	$0.030
4/19/2017	4/28/2017	5/15/2017	$0.030
4/19/2017	5/31/2017	6/15/2017	$0.030
4/19/2017	6/30/2017	7/14/2017	$0.030

During the six months ended June 30, 2017, the Company repurchased 74,532 of the Company's shares at an average price of $5.39 per share for an aggregate purchase price of $0.4 million on the open market.

We had total restricted cash of $51.6 million comprised primarily of $48.3 million of restricted cash at JMP Investment Holdings on June 30, 2017. This balance was comprised of $7.0 million in interest received from loans in the CLOs, and $41.3 million in principal cash. The interest and fees will be restricted until the next payment date to note holders of the CLOs. The principal restricted cash will be used to buy additional loans or pay down the senior debt in the CLOs.

Because of the nature of our investment banking and sales and trading businesses, liquidity is important to us. Accordingly, we regularly monitor our liquidity position, including our cash and net capital positions. We believe that our available liquidity and current level of equity capital, combined with the funds anticipated to be provided by our operating activities, will be adequate to meet our liquidity and regulatory capital requirements for at least the next twelve months. If circumstances required it, we could improve our liquidity position by discontinuing repurchases of the Company's common shares, halting cash distributions on our common shares and reducing cash bonus compensation paid.

JMP Securities, our wholly-owned subsidiary and a registered securities broker-dealer, is subject to the SEC's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. JMP Securities had net capital of $18.4 million and $29.7 million, which were $17.4 million and $28.6 million in excess of the required net capital of $1.0 million and $1.1 million at June 30, 2017 and December 31, 2016, respectively. JMP Securities' ratio of aggregate indebtedness to net capital was 0.76 to 1 and 0.56 to 1 at June 30, 2017 and December 31, 2016, respectively.

A condensed table of cash flows for the six months ended June 30, 2017 and 2016 is presented below.

(Dollars in thousands)	Six Months Ended June 30,		Change from 2016 to 2017	
	2017	2016	a$	a%
Cash flows used in operating activities	$ (24,307)	$ (4,859)	$ (19,448)	-400.2%
Cash flows provided by investing activities	129,386	61,803	67,583	109.4%
Cash flows used in financing activities	(101,786)	(55,523)	(46,263)	-83.3%
Total cash flows	$ 3,293	$ 1,421	$ 1,872	131.7%

Cash Flows for the Six Months Ended June 30, 2017

Cash increased by $3.3 million during the six months ended June 30, 2017, as a result of cash provided in investing activities, partially offset by cash used in operating and financing activities.

Our operating activities used $24.3 million of cash from the net loss of $12.3 million, adjusted for the cash used by operating assets and liabilities of $22.0 million, and provided by non-cash revenue and expense items of $10.1 million. The cash used by the change in operating assets and liabilities included an increase in accrued compensation and other liabilities of $16.7 million, a $5.5 million increase in receivables, partially offset by a decline in interest payable of $2.6 million.

Our investing activities provided $129.4 million of cash primarily due to the sale and payoff of loans collateralizing ABS of $379.7 million, the net change in restricted cash reserved for lending activities of $173.6 million driven by the liquidation of CLO I and CLO II, and, partially offset by $510.4 million funding of loans collateralizing ABS related to the CLO IV issuance.

Our financing activities used $101.8 million of cash primarily due to $503.6 million repayment of ABS issued relating to the liquidation of CLO I and CLO II, partially offset by $408.4 million of proceeds from asset-backed securities issued.

Cash Flows for the Six Months Ended June 30 , 2016

Cash increased by $1.4 million during the six months ended June 30, 2016, as a result of cash provided by investing activities, partially offset by cash provided by operating and financing activities.

Our operating activities used $4.9 million of cash from the net income of $4.6 million, adjusted for the cash used by operating assets and liabilities of $5.3 million, and provided by non-cash revenue and expense items of $4.2 million. The cash used by the change in operating assets and liabilities included a decrease in accrued compensation and other liabilities of $16.9 million, partially offset by a decline in deposits and other assets of $5.2 million and a decline in receivables of $4.2 million.

Our investing activities provided $61.8 million of cash primarily due to the sale and payoff of loans collateralizing ABS of $142.7 million, and principal receipts on loans collateralizing asset-backed securities of $37.7 million, partially offset by $115.2 million funding of loans collateralizing ABS.

Our financing activities used $55.5 million of cash primarily due to $42.5 million repayment of ABS issued, $4.3 million distributions and distribution equivalents paid on common shares and RSUs and $4.3 million distributions to non-controlling shareholders.

Contractual Obligations

As of June 30, 2017, our aggregate minimum future commitment on our leases was $26.3 million. See Note 13 of the notes to the condensed consolidated financial statements for more information. Our remaining contractual obligations have not materially changed from those reported in our Annual Report.

Off-Balance Sheet Arrangements

In connection with the CLOs, the Company had standby letters of credit of $0.4 million and $1.0 million as of June 30, 2017 and December 31, 2016, respectively. The Company had unfunded commitments to lend of $47.1 million as of June 30, 2017. The Company had sold unfunded commitments of $20.7 million as of December 31, 2016 that had not yet settled. Had the borrower drawn on these, the Company would have been obligated to fund them. The funds for the unfunded commitments to lend and the cash collateral supporting these standby letters of credit are included in restricted cash on the Consolidated Statement of Financial Position as of June 30, 2017. The CLO related commitments do not extend to JMP Group LLC. See Note 18 of the notes to the condensed consolidated financial statements for more information on the financial instruments with off-balance sheet risk in connection with the CLOs.

Unfunded commitments are agreements to lend to a borrower, provided that all conditions have been met. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The Company evaluates each borrower’s creditworthiness on a case by case basis.

Standby letters of credit are conditional commitments issued by the Company to guarantee the performance by a borrower to a third party. The Company’s exposure to credit loss in the event of nonperformance by the other party to the financial instrument for standby letters of credit is represented by the contractual amount of those instruments. The Company uses the same credit policies in making commitments and conditional obligations as it does for on balance sheet instruments. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loans to borrowers.

We had no other material off-balance sheet arrangements as of June 30, 2017. However, as described below under “Item 3. Quantitative and Qualitative Disclosures About Market Risk,” through indemnification provisions in our clearing agreements with our clearing broker, customer activities may expose us to off-balance sheet credit risk, which we seek to mitigate through customer screening and collateral requirements.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and of revenues and expenses during the reporting periods. We base our estimates and assumptions on historical experience and on various other factors that we believe are reasonable under the circumstances. The use of different estimates and assumptions could produce materially different results. For example, if factors such as those described under the caption “Risk Factors” in our Annual Report cause actual events to differ from the assumptions we used in applying the accounting policies, our results of operations, financial condition and liquidity could be adversely affected.

On an ongoing basis, we evaluate our estimates and assumptions, particularly as they relate to accounting policies that we believe are most important to the presentation of our financial condition and results of operations. We regard an accounting estimate or assumption to be most important to the presentation of our financial condition and results of operations where:

- the nature of the estimates or assumptions is material due to the level of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change; and
- the impact of the estimates or assumptions on our financial condition or operating performance is material.

Using the foregoing criteria, we consider the following to be our critical accounting policies:

- *Valuation of Financial Instruments*
- *Asset Management Investment Partnerships*
- *Loans Held for Sale*

- *L oans Collateralizing Asset-backed Securities Issued*
- *Allowance for Loan Losses*
- *Asset-backed Securities Issued*
- *Legal and Other Contingent Liabilities*
- *Income Taxes*

Our significant accounting policies are described further in the "Critical Accounting Policies and Estimates" section and Note 2 - Summary of Significant Accounting Policies to our consolidated financial statements in our Annual Report.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk

Market risk represents the risk of loss that may result from the change in value of a financial instrument due to fluctuations in its market price. Market risk may be exacerbated in times of trading illiquidity when market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Our exposure to market risk is directly related to our role as a financial intermediary in customer trading and to our market making and investment activities. Market risk is inherent in financial instruments.

Even though we trade in equity securities as an active participant in both listed and OTC markets and we make markets in approximately 1,000 stocks, we typically maintain very few securities in inventory overnight to minimize market risk. In addition, we act as agent rather than principal whenever we can and may use a variety of risk management techniques and hedging strategies in the ordinary course of our trading business to manage our exposures. Historically, in connection with our principal investments in publicly-traded equity securities, we have engaged in short sales of equity securities to offset the risk of purchasing other equity securities.

In connection with our sales and trading business, management evaluates the amount of risk in specific trading activities and determines our tolerance for such activities. Management monitors risks in its trading activities by establishing limits for the trading desk and reviewing daily trading results, inventory aging, and securities concentrations. Typically, market conditions are evaluated and transaction details and securities positions are reviewed. These activities seek to ensure that trading strategies are within acceptable risk tolerance parameters. Activities include price verification procedures, position reconciliations and reviews of transaction bookings. We believe these procedures, which stress timely communications between traders, trading management and senior management, are important elements of the risk management process.

Equity Price and Liquidity Risk

Equity price and liquidity risk represents the potential loss in value due to adverse changes in the level of market activity and volatility of equity prices. We are exposed to equity price and liquidity risk through our trading activities in both listed and OTC equity markets and security positions in our principal investment portfolio. We attempt to reduce the risk of loss inherent in our inventory of equity securities by establishing position limits, monitoring inventory turnover and entering into hedging transactions designed to mitigate our market risk profile.

Our marketable securities owned include long positions in equity securities that were recorded at a fair value of $21.2 million as of June 30, 2017. Our marketable securities sold but not yet purchased consist of short positions in equity securities and were recorded at a fair value of $5.8 million as of June 30, 2017. The net potential loss in fair value for our marketable equity securities portfolio as of June 30, 2017, using a hypothetical 10% decline in prices, is estimated to be approximately $1.5 million. In addition, as of June 30, 2017, we have invested $17.2 million of our own capital in our funds, which are invested primarily in publicly traded equity securities. The net potential loss in fair value for our investments at June 30, 2017, using a hypothetical 10% decline in the funds' investment portfolios, is estimated to be approximately $1.7 million.

Interest Rate Risk

Interest rate risk represents the potential loss from adverse changes in market interest rates. As we may hold U.S. Treasury securities and other fixed income securities and may incur interest-sensitive liabilities from time to time, we are exposed to interest rate risk arising from changes in the level and volatility of interest rates and in the shape of the yield curve.

As of June 30, 2017, approximately 86.5% of our combined CLO portfolios had LIBOR floors with a weighted average floor of 0.96%. Many of the loans in CLO portfolios have variable interest rates indexed to LIBOR and subject to a LIBOR floor, which provides additional income during periods when LIBOR rates are below the floor levels. Loans with a LIBOR floor pay an interest rate of LIBOR plus the applicable margin so long as LIBOR remains above the specified floor level. If, however, LIBOR falls below the floor, the interest rate is the floor level plus the applicable margin. The asset backed securities issued by our CLOs typically have variable interest rates indexed to LIBOR, but do not have LIBOR floors. Accordingly, in a low interest rate environment, the equity holders of our CLOs benefit from a so called LIBOR floor benefit. If the LIBOR increases above the applicable LIBOR floors, the variable interest payments on the CLO asset backed securities will also increase, and the LIBOR floor benefit to us will decrease. This would diminish the return on equity of our CLOs that we hold, which could have an adverse impact on our results of operations.

Credit Risk

Our broker-dealer subsidiary places and executes customer orders. The orders are then settled by an unrelated clearing organization that maintains custody of customers' securities and provides financing to customers.

Through indemnification provisions in our agreement with our clearing organization, customer activities may expose us to off-balance-sheet credit risk. We may be required to purchase or sell financial instruments at prevailing market prices in the event a customer fails to settle a trade on its original terms or in the event cash and securities in customer margin accounts are not sufficient to fully cover customer obligations. We seek to control the risks associated with brokerage services for our customers through customer screening and selection procedures as well as through requirements that customers maintain margin collateral in compliance with governmental and self-regulatory organization regulations and clearing organization policies.

Credit risk also includes the risk that we will not fully collect the principal we have invested in loans held for investment and loans collateralizing asset-backed securities issued due to borrower defaults. While we feel that our origination and underwriting of these loans will help to mitigate the risk of significant borrower defaults on these loans, we cannot assure you that all borrowers will continue to satisfy their payment obligations under these loans, thereby avoiding default.

Inflation Risk

Because our assets are generally liquid in nature, they are not significantly affected by inflation. However, the rate of inflation affects such expenses as employee compensation and communications charges, which may not be readily recoverable in the prices of services we offer. To the extent inflation results in rising interest rates and has other adverse effects on the securities markets, it may adversely affect our combined financial condition and results of operations in certain businesses.

ITEM 4. Controls and Procedures

Our management, with the participation of the Chairman and Chief Executive Officer (the principal executive officer) and the Chief Financial Officer (the principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) as of the end of the period covered by this report. Based on that evaluation, our Chairman and Chief Executive Officer and Chief Financial Officer have concluded that, as of the end of the period covered by this report, our disclosure controls and procedures are effective. There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the period covered by this report that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II—OTHER INFORMATION

ITEM 1. Legal Proceedings

We are involved in a number of judicial, regulatory and arbitration matters arising in connection with our business. The outcome of matters we have been and currently are involved in cannot be determined at this time, and the results cannot be predicted with certainty. There can be no assurance that these matters will not have a material adverse effect on our results of operations in any future period and a significant judgment could have a material adverse impact on our financial condition, results of operations and cash flows. We may in the future become involved in additional litigation in the ordinary course of our business, including litigation that could be material to our business. Management, after consultation with legal counsel, believes that the currently known actions or threats against us will not result in any material adverse effect on our financial condition, results of operations or cash flows.

ITEM 1A. Risk Factors

The risk factors included in our Annual Report continue to apply to us, and describe risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the forward-looking statements contained in this Quarterly Report. There have not been any material changes from the risk factors previously described in our Annual Report.

ITEM 2. Unregistered Sales of Equity Securities and Use of Proceeds

The table below sets forth the information with respect to purchases made by or on behalf of JMP Group LLC or any “affiliated purchaser” (as defined in Rule 10b-18(a)(3) under the Exchange Act), of our common shares during the quarter ended June 30, 2017.

Period	Total Number of Shares Purchased		Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)
April 1, 2017 to April 30, 2017	-	$	0.00	-	1,000,000
May 1, 2017 to May 31, 2017	33,106	$	5.40	33,106	966,894
June 1, 2017 to June 30, 2017	41,426	$	5.38	41,426	925,468
Total	74,532			74,532	

(1) On February 13, 2017, our board of directors authorized the repurchase of 1,000,000 shares through December 31, 2017.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not Applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

See Exhibit Index.

SIGNATURES

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 thereunto duly authorized.

Date: August 8, 2017

JMP Group LLC

By:	/s/ J OSEPH A. J OLSON
Name:	**Joseph A. Jolson**
Title:	**Chairman and Chief Executive Officer**
By:	/s/ R AYMOND S. J ACKSON
Name:	**Raymond S. Jackson**
Title:	**Chief Financial Officer**

EXHIBIT INDEX

Exhibit Number	Description
4.1	Indenture, dated as of June 29, 2017, among JMP Credit Advisors CLO IV Ltd., as Issuer, JMP Credit Advisors CLO IV LLC, as Co-Issuer, and U.S. Bank National Association, as Trustee (incorporated by reference from Exhibit 4.1 to the Company's Form 8-K filed on July 3, 2017).
10.15	Collateral Administration Agreement, dated as of June 29, 2017, by and among JMP Credit Advisors CLO IV Ltd., JMP Credit Advisors LLC and U.S. Bank National Association, as collateral administrator (incorporated by reference from Exhibit 10.15 to the Company's Form 8-K filed on July 3, 2017).
10.16	Amendment Number Three to Second Amended and Restated Credit Agreement, dated May 9, 2017, between JMP Holding LLC and City National Bank
10.17	Amendment Number Eight to Revolving Note and Cash Subordination Agreement & Revolving Note, dated May 9, 2017, between JMP Securities LLC, City National Bank.
31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2017, formatted in Extensible Business Reporting Language (XBRL), include: (i) the Condensed Consolidated Statements of Income, (ii) the Condensed Consolidated Balance Sheets, (iii) the Condensed Consolidated Statements of Cash Flows, and (iv) related notes (furnished herewith).

Exhibit 10.16

AMENDMENT NUMBER THREE TO SECOND

AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDMENT NUMBER THREE TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT** (this " Amendment "), dated as of May 9, 2017 is entered into by and between **JMP HOLDING LLC** , formerly known as JMP Group LLC, a Delaware limited liability company (" Borrower "), and **CITY NATIONAL BANK** , a national banking association (" Lender "), and in light of the following:

W I T N E S S E T H

WHEREAS, Borrower and Lender are party to that certain Second Amended and Restated Credit Agreement, dated as of April 30, 2014 (as amended, restated, supplemented, or otherwise modified from time to time, the " Credit Agreement ");

WHEREAS , the Borrower has requested that Agent and Lender make certain amendments to the Credit Agreement; and

WHEREAS, upon the terms and conditions set forth herein, Lender is willing to accommodate the Borrower's requests.

NOW, THEREFORE , in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **DEFINITIONS** Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to them in the Credit Agreement, as amended hereby.

2. **AMENDMENTS TO CREDIT AGREEMENT .**

   a. Section 1.1 of the Credit Agreement is hereby amended by inserting or amending and restating, as applicable, the following definitions in their entirety:

" Final Payment Date " means the earlier to occur of (a) April 30, 2021; or (b) the date that is 90 days prior to the earliest maturity date set forth in any of the 2013 Notes or the 2014 Notes.

" Final Revolving Commitment Termination Date " means the earlier to occur of (a) April 30, 2018; or (b) such earlier date on which the Revolving Loans shall become due and payable in accordance with the terms of this Agreement and the other Loan Documents.

" 2013 Notes " means the 8.00% senior notes issued by JMP Group Inc. in January of 2013, in an approximate aggregate amount of $46,000,000.

" 2014 Notes " means the 7.25% senior notes issued by JMP Group Inc. in January of 2014, in an approximate aggregate amount of $48,300,000.

" JMP Group, Inc. " means, JMP Group, Inc., a Delaware corporation.

b. Section 2.3(e) of the Credit Agreement is hereby amended by deleting the words "July 1, 2017" appearing therein and replacing such language with the words "July 2, 2018".

c. Section 2.18 of the Credit Agreement is hereby amended by (i) redesignating the second clause (b) appearing therein as clause (h), (ii) redesignating the second clause (c) appearing therein as clause (i), (iii) redesignating the second clause (d) appearing therein as clause (j), (iv) redesignating the second clause (e) appearing therein as clause (k), redesignating the second clause (f) appearing therein as clause (l) and (v) redesignating the second clause (g) appearing therein as clause (m).

d. Section 6.14(c) of the Credit Agreement is hereby amended by deleting the word "Uptimate" appearing therein and replacing such language with the word "Ultimate".

e. Section 6.14(d) of the Credit Agreement is hereby amended by deleting the word "Uptimate" appearing therein and replacing such language with the word "Ultimate".

3. **REPRESENTATIONS AND WARRANTIES** Borrower hereby represents and warrants to Lender as follows:

a. Borrower has the requisite power and authority to execute and deliver this Amendment and the authority to perform its obligations hereunder and under the Loan Documents to which it is a party. The execution, delivery, and performance of this Amendment and the performance by Borrower of each Loan Document to which it is a party (i) have been duly approved by all necessary action and no other proceedings are necessary to consummate such transactions; and (ii) are not in contravention of (A) any law, rule, or regulation, or any order, judgment, decree, writ, injunction, or award of any arbitrator, court or governmental authority binding on it, (B) the terms of its organizational documents, or (C) any provision of any contract or undertaking to which it is a party or by which any of its properties may be bound or affected;

b. This Amendment has been duly executed and delivered by Borrower. This Amendment will, upon its effectiveness in accordance with the terms hereof, and each Loan Document to which Borrower is a party is the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its terms, and is in full force and effect except as such validity and enforceability is limited by the laws of insolvency and bankruptcy, laws affecting creditors' rights and principles of equity applicable hereto;

c. No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any Governmental Authority against Borrower;

d. Borrower does not have any actual or potential claim or cause of action against Lender for any actions or events occurring on or before the date hereof, and Borrower hereby waives and releases any right to assert same;

e. No Default or Event of Default has occurred and is continuing on the date hereof or as of the date of the effectiveness of this Amendment after giving effect to this Amendment; and

f. The representations and warranties in the Credit Agreement and the other Loan Documents are true and correct in all material respects (except to the extent qualified by materiality, then such representations and warranties are true and correct in all respects) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

4. **CONDITIONS PRECEDENT TO THIS AMENDMENT** The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of this Amendment and each and every provision hereof:

a. Lender shall have received this Amendment, duly executed by Borrower, and the same shall be in full force and effect;

b. Lender shall have received a reaffirmation and consent substantially in the form attached hereto as Exhibit A , duly executed and delivered by each Subsidiary of Borrower that is listed on the signature pages thereof;

c. The representations and warranties in the Credit Agreement and the other Loan Documents shall be true and correct in all respects on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date);

d. No Default or Event of Default shall have occurred and be continuing as of the date of the effectiveness of this Amendment after giving effect to this Amendment; and

e. No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any Governmental Authority against Borrower.

f. All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered, executed, or recorded and shall be in form and substance reasonably satisfactory to Lender.

5. **AGREEMENTS .** This Amendment has been entered into without force or duress, of the free will of Borrower, and the decision of Borrower to enter into this Amendment is a fully informed decision and Borrower is aware of all legal and other ramifications of each decision. It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder and thereunder.

6. **PAYMENT OF COSTS AND FEES**. Borrower shall reimburse Lender on demand for all of its actual out-of-pocket costs, expenses, fees and charges in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto (which costs may include the reasonable fees and expenses of any attorneys retained by Lender).

7. **CONSTRUCTION**. THIS AMENDMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF CALIFORNIA APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN THE STATE OF CALIFORNIA.

8. **ENTIRE AMENDMENT; EFFECT OF AMENDMENT**. This Amendment, and terms and provisions hereof, the Credit Agreement and the other Loan Documents constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written. Except for the amendments to the Credit Agreement expressly set forth in Section 2, hereof, the Credit Agreement and other Loan Documents shall remain unchanged and in full force and effect. Except as expressly set forth herein, the execution, delivery, and performance of this Amendment shall not operate as a waiver of or as an amendment of any right, power, or remedy of the Lenders as in effect prior to the date hereof. The amendments set forth herein are limited to the specifics hereof, shall not apply with respect to any facts or occurrences (or any Subsidiary other than the New Subsidiaries) other than those on which the same are based, shall not excuse future non-compliance with the Credit Agreement, and shall not operate as a consent to any further or other matter, under the Loan Documents. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control. This Amendment is a Loan Document.

9. **COUNTERPARTS; TELEFACSIMILE EXECUTION**. This Amendment may be executed in any number of counterparts, all of which when taken together shall constitute one and the same instrument and any of the parties hereto may execute this Amendment by signing any such counterpart. Delivery of an executed counterpart of this Amendment by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

10. **EFFECT ON LOAN DOCUMENTS**.

a. The Credit Agreement, as amended hereby, and each of the other Loan Documents shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. Except for the amendments to the Credit Agreement expressly set forth herein, the Credit Agreement and other Loan Documents shall remain unchanged and in full force and effect. The execution, delivery and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of Lender under the Credit Agreement or any other Loan Document. The amendments set forth herein are limited to the specifics hereof, and, except as expressly set forth herein, shall neither excuse any future non-compliance with the Credit Agreement, nor operate as a waiver of any Unmatured Event of Default or Event of Default.

b. Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to “this Agreement”, “hereunder”, “herein”, “hereof” or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to “the Credit Agreement”, “thereunder”, “therein”, “thereof” or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as modified and amended hereby.

c. To the extent any terms or provisions of this Amendment conflict with those of the Credit Agreement or other Loan Documents, the terms and provisions of this Amendment shall control. To the extent that any terms and conditions in any of the Loan Documents shall contradict or be in conflict with any terms or conditions of the Credit Agreement, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Credit Agreement as modified or amended hereby.

d. This Amendment is a Loan Document.

e. Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms “includes” and “including” are not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or”.

11. **REAFFIRMATION OF OBLIGATIONS** . The Borrower hereby restates, ratifies and reaffirms each and every term and condition set forth in the Credit Agreement and the other Loan Documents to which it is a party effective as of the date hereof and as amended hereby. The Borrower hereby further ratifies and reaffirms the validity and enforceability of all of the liens and security interests in the Collateral heretofore granted, pursuant to and in connection with any Loan Document to Lender as collateral security for the obligations under the Loan Documents in accordance with their respective terms, and acknowledges that all of such liens and security interests, and all Collateral heretofore pledged as security for such obligations, continues to be and remain collateral for such obligations from and after the date hereof, in each case except as otherwise expressly provided in the Loan Documents.

12. **SEVERABILITY** . In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

IN WITNESS WHEREOF , the parties have caused this Amendment to be executed and delivered as of the date first written above.

BORROWER:

JMP HOLDING LLC , formerly known as JMP Group LLC,
a Delaware limited liability company

By: ______________________________
Name: ____________________________
Title: _____________________________

[SIGNATURE PAGE TO AMENDMENT NUMBER THREE TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

AGENT AND LENDER:

CITY NATIONAL BANK,
a national banking corporation,
as Agent and as a Lender

By: ______________________________
Name: ____________________________
Title: _____________________________

[SIGNATURE PAGE TO AMENDMENT NUMBER THREE TO
SECOND AMENDED AND RESTATED CREDIT AGREEMENT]

EXHIBIT A

REAFFIRMATION AND CONSENT

All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in (a) that certain Credit Agreement entered into between **JMP HOLDING LLC** , formerly known as JMP Group LLC, a Delaware limited liability company (" Borrower "), and **CITY NATIONAL BANK** , a national banking association (" Lender "), dated as of August 3, 2006 (as amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), (b) that certain Amendment Number One to Second Amended and Restated Credit Agreement, dated as of April 25, 2016 (the " First Amendment ") by and among Borrower and Lender and (c) that certain Amendment Number Three to Second Amended and Restated Credit Agreement, dated as of May 9, 2017 (the " Amendment ") by and among Borrower and Lender. The undersigned hereby (a) represents and warrants to Lender that the execution, delivery, and performance of this Reaffirmation and Consent are within its powers, have been duly authorized by all necessary action, and are not in contravention of any law, rule, or regulation, or any order, judgment, decree, writ, injunction, or award of any arbitrator, court, or governmental authority, or of the terms of its charter or bylaws, or of any contract or undertaking to which it is a party or by which any of its properties may be bound or affected; (b) consents to the transactions contemplated by the Amendment and by each amendment to any Loan Document executed on or before the date hereof; (c) acknowledges and reaffirms its obligations owing to Lender under any Loan Documents to which it is a party; and (d) agrees that each of the Loan Documents to which it is a party is and shall remain in full force and effect. Although each of the undersigned has been informed of the matters set forth herein and has acknowledged and agreed to same, each understands that Lender has no obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Delivery of an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Reaffirmation and Consent. Any party delivering an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Reaffirmation and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Reaffirmation and Consent. This Reaffirmation and Consent shall be governed by the laws of the State of California.

[Signature page to follow.]

IN WITNESS WHEREOF, the undersigned have each caused this Reaffirmation and Consent to be executed as of the date of the Amendment.

HARVEST CAPITAL STRATEGIES LLC,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

JMP ASSET MANAGEMENT INC. ,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

JMP CREDIT ADVISORS LLC,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

JMP INVESTMENT HOLDINGS LLC ,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

JMP REALTY TRUST INC. ,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT]

Exhibit 10.17

AMENDMENT NUMBER EIGHT TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE

This **AMENDMENT NUMBER EIGHT TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE** (this " Amendment "), effective as of May 9, 2017, is entered into by and between **JMP SECURITIES LLC** , a Delaware limited liability company (" Broker/Dealer "), and **CITY NATIONAL BANK** , a national banking association (" Lender "), and in light of the following:

W I T N E S S E T H

WHEREAS , Broker/Dealer and Lender are parties to: (a) that certain Revolving Note and Cash Subordination Agreement, dated as of April 8, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the " Note Agreement "), and (b) that certain Revolving Note, dated as of April 8, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the " Note ");

WHEREAS , **JMP HOLDING LLC** , formerly known as JMP Group LLC, a Delaware limited liability company (" JMP Holding Guarantor ") guaranteed in favor of Lender, the obligations of Broker/Dealer under the Note Agreement and the Note pursuant to that certain General Continuing Guaranty, dated as of April 8, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Holding Broker/Dealer Guaranty ");

WHEREAS , **HARVEST CAPITAL STRATEGIES LLC** , formerly known as JMP Asset Management LLC, a Delaware limited liability company (" Harvest Guarantor ") guaranteed in favor of Lender, the obligations of Broker/Dealer under the Note Agreement and the Note pursuant to that certain General Continuing Guaranty, dated as of April 30, 2014 (as amended, restated, supplemented, or otherwise modified from time to time, the " Harvest Broker/Dealer Guaranty ");

WHEREAS , **JMP REALTY TRUST INC.** , a Maryland corporation (" JMP Realty Guarantor ") guaranteed in favor of Lender, the obligations of Broker/Dealer under the Note Agreement and the Note pursuant to that certain General Continuing Guaranty, dated as of May 12, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Realty Broker/Dealer Guaranty ");

WHEREAS , **JMP INVESTMENT HOLDING LLC** , a Delaware limited liability company (" JMP Investment Guarantor "; JMP Investment Guarantor, JMP Holding Guarantor, Harvest Guarantor and JMP Realty Guarantor, collectively, the " Guarantors ") guaranteed in favor of Lender, the obligations of Broker/Dealer under the Note Agreement and the Note pursuant to that certain General Continuing Guaranty, dated as of May 12, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Investment Broker/Dealer Guaranty "; the JMP Investment Broker/Dealer Guaranty, the JMP Holding Broker/Dealer Guaranty, the Harvest Broker/Dealer Guaranty and the JMP Realty Broker/Dealer Guaranty, collectively, the " Broker/Dealer Guaranties ");

WHEREAS , Broker/Dealer has requested that the Lender make certain amendments to the Note Agreement and the Note; and

WHEREAS , upon the terms and conditions set forth herein, Lender is willing to accommodate the Broker/Dealer's requests.

NOW, THEREFORE , in consideration of the foregoing and the mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Defined Terms . All initially capitalized terms used herein (including the preamble and recitals hereof) without definition shall have the meanings ascribed thereto in the Note Agreement, as amended hereby.

2. Amendments to Note Agreement .

(a) Section 1(a) of the Note Agreement is hereby amended by amending and restating in its entirety as follows:

"(a) Subject to the terms and conditions hereinafter set forth, the Lender agrees that from time to time between the date first written above and the 4th day of May, 2018 (the "Credit Period") it will lend to the Broker/Dealer sums of money on a revolving basis (each an "Advance", collectively "Advances") in the aggregate principal amount outstanding at any one time not in excess of $20,000,000 (the "Credit Line" or "Commitment Amount", as applicable)."

(b) Section 1(c) of the Note Agreement is hereby amended by replacing the reference to "4th day of May, 2018" with "3rd day of May, 2019".

(c) Rider A to the Note Agreement is hereby amended by amending and restating the first paragraph therein in its entirety as follows:

"Notwithstanding anything to the contrary contained in this Agreement (including, but not limited to, the use of the word "commitment" or any other word of like import, in any provision, schedule, exhibit, annex, definition, capitalized word, or otherwise, contained therein or attached thereto), Broker/Dealer acknowledges that Lender, by written notice to Broker/Dealer, may in its sole and absolute discretion declare the Credit Line hereunder terminated. From and after the date of any such termination, Lender shall have no further obligation to make any loan or other extension of credit to Broker/Dealer.

Initial: ___________________

Name: ___________________

Title: ___________________"

3. Amendments to Note .

(a) The Note is hereby amended by replacing the reference to "4th day of May 2018" with "3rd day of May, 2019".

4. Conditions Precedent to Amendment . The satisfaction of each of the following shall constitute conditions precedent to the effectiveness of the Amendment (such date being the " Amendment Effective Date "):

(a) Lender shall have received this Amendment, duly executed by the parties hereto, and the same shall be in full force and effect.

(b) Lender shall have received the reaffirmation and consent of each the Guarantors attached hereto as Exhibit A , duly executed and delivered by an authorized officer of each Guarantor.

(c) After giving effect to this Amendment, the representations and warranties herein, in the Note Agreement, and in the Note shall be true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

(d) No injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein shall have been issued and remain in force by any governmental entity against Broker/Dealer, any of the Guarantors, or Lender.

(e) No Events of Acceleration or Event of Default shall have occurred and be continuing or shall result from the consummation of the transactions contemplated herein.

(f) Pursuant to Section 19(b) of the Note Agreement, FINRA shall have provided prior written approval of this Amendment.

(g) All other documents and legal matters in connection with the transactions contemplated by this Amendment shall have been delivered, executed, or recorded and shall be in form and substance reasonably satisfactory to Lender.

5. Representations and Warranties . Broker/Dealer hereby represents and warrants to Lender as follows:

(a) It (i) is duly organized and existing and in good standing under the laws of the jurisdiction of its organization, (ii) is qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a material adverse effect, and (iii) has all requisite power and authority to own and operate its properties, to carry on its business as now conducted, to enter into this Amendment and carry out the transactions contemplated hereby.

(b) The execution, delivery, and performance by it of this Amendment (i) have been duly authorized by all necessary limited liability company action, (ii) do not and will not (A) violate any material provision of federal, state or local law, rule or regulation, or any order, judgment, decree, writ, injunction or award of any arbitrator, court or governmental entity binding on it or of any of the Guarantors, (B) violate the certificate of formation or limited liability company agreement of it or of any of the Guarantors, (C) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any material contractual obligation of it or of any of the Guarantors, except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a material adverse effect, (D) result in or require the creation or imposition of any lien of any nature whatsoever upon any assets of Broker/Dealer, other than as expressly permitted by Lender, or (E) require any approval of Broker/Dealer's interest holders or any approval or consent of any person under any material contractual obligation of Broker/Dealer, other than consents or approvals that have been obtained and that are still in force and effect and except, in the case of a material contractual obligation, for consents or approvals, the failure of which to obtain could not individually or in the aggregate reasonably be expected to cause a material adverse effect.

(c) The execution, delivery and performance by Broker/Dealer of this Amendment, and the consummation of the transactions contemplated herein do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any governmental entity other than consents or approvals that have been obtained and that are still in force and effect.

(d) This Amendment, when executed and delivered by each person that is a party thereto, will constitute the legal, valid and binding obligation of it, enforceable against it in accordance with its respective terms, except as enforcement may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally.

(e) As of the date hereof, no injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the consummation of the transactions contemplated herein has been issued and remains in force by any governmental entity against Broker/Dealer or any of the Guarantors.

(f) No Events of Acceleration or Event of Default has occurred and is continuing as of the date of the effectiveness of this Amendment, and no condition exists which constitutes an Event of Acceleration or an Event of Default.

(g) The representations and warranties set forth in this Amendment, the Note Agreement, and the Note, as amended by this Amendment and after giving effect hereto, are true and correct in all material respects (except that such materiality qualifier shall not be applicable to any representations and warranties that already are qualified or modified by materiality in the text thereof) on and as of the date hereof, as though made on such date (except to the extent that such representations and warranties relate solely to an earlier date).

6. Agreements . This Amendment has been entered into without force or duress, of the free will of Broker/Dealer, and the decision of Broker/Dealer to enter into this Amendment is a fully informed decision and Broker/Dealer is aware of all legal and other ramifications of each decision. It has read and understands this Amendment, has consulted with and been represented by independent legal counsel of its own choosing in negotiations for and the preparation of this Amendment, has read this Amendment in full and final form, and has been advised by its counsel of its rights and obligations hereunder and thereunder.

7. Payment of Costs and Fees . Broker/Dealer shall reimburse Lender on demand for all of its actual out-of-pocket costs, expenses, fees and charges in connection with the preparation, negotiation, execution and delivery of this Amendment and any documents and instruments relating hereto (which costs may include the reasonable fees and expenses of any attorneys retained by Lender).

8. Choice of Law . This Amendment and the rights of the parties hereunder, shall be governed by, and construed in accordance with, the laws of the State of California applicable to contracts made and to be performed in the State of California.

9. Amendments . This Amendment cannot be altered, amended, changed or modified in any respect or particular unless each such alteration, amendment, change or modification shall have been agreed to by each of the parties and reduced to writing in its entirety and signed and delivered by each party.

10. Counterpart Execution . This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which, when executed and delivered, shall be deemed to be an original and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart of this Amendment. Any party delivering an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall deliver an original executed counterpart of this Amendment, but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Amendment.

11. Effect on Note Agreement and Note.

(a) The Note Agreement and the Note, as amended hereby, shall be and remain in full force and effect in accordance with their respective terms and hereby are ratified and confirmed in all respects. Except for the amendments to the Note Agreement and the Note expressly set forth herein, the Note Agreement and the Note shall remain unchanged and in full force and effect. The execution, delivery and performance of this Amendment shall not operate, except as expressly set forth herein, as a modification or waiver of any right, power, or remedy of Lender under the Note Agreement or the Note. The amendments set forth herein are limited to the specifics hereof, and, except as expressly set forth herein, shall neither excuse any future non-compliance with the Note Agreement or the Note, nor operate as a waiver of any Event of Acceleration or Event of Default.

(b) Upon and after the effectiveness of this Amendment, each reference in the Note Agreement and the Note to "this Agreement", "hereunder", "herein", "hereof" or words of like import referring to the Note Agreement, and each reference in each of the Broker/Dealer Guaranties to "the Note Agreement", "thereunder", "therein", "thereof" or words of like import referring to the Note Agreement, shall mean and be a reference to the Note Agreement as modified and amended hereby.

(c) Upon and after the effectiveness of this Amendment, each reference in the Note Agreement and the Note to "the Revolving Note", "hereunder", "herein", "hereof" or words of like import referring to the Note, and each reference in each of the Broker/Dealer Guaranties to "the Note", "thereunder", "therein", "thereof" or words of like import referring to the Note, shall mean and be a reference to the Note as modified and amended hereby.

(d) To the extent any terms or provisions of this Amendment conflict with those of the Note Agreement or the Note, the terms and provisions of this Amendment shall control. To the extent that any terms and conditions shall contradict or be in conflict with any terms or conditions of the Note Agreement or the Note, after giving effect to this Amendment, such terms and conditions are hereby deemed modified or amended accordingly to reflect the terms and conditions of the Note Agreement and the Note as modified or amended hereby.

(e) Unless the context of this Amendment clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the terms "includes" and "including" are not limiting, and the term "or" has, except where otherwise indicated, the inclusive meaning represented by the phrase "and/or".

12. Entire Agreement. This Amendment, and terms and provisions hereof, the Note Agreement, and the Note constitute the entire understanding and agreement between the parties hereto with respect to the subject matter hereof and supersedes any and all prior or contemporaneous amendments or understandings with respect to the subject matter hereof, whether express or implied, oral or written.

13. Reaffirmation of Obligations. The Broker/Dealer hereby restates, ratifies and reaffirms each and every term and condition set forth in the Note Agreement and the Note effective as of the date hereof and as amended hereby.

14. Severability. In case any provision in this Amendment shall be invalid, illegal or unenforceable, such provision shall be severable from the remainder of this Amendment and the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[Signature page follows]

IN WITNESS WHEREOF, the parties have entered into this Amendment as of the date first above written.

JMP SECURITIES LLC ,
a Delaware limited liability company, as Broker/Dealer

By: ______________________________
Mark Lehmann
President

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE]

CITY NATIONAL BANK ,
a national banking association, as Lender

By: ______________________________
Eric Lo
Vice President

[SIGNATURE PAGE TO AMENDMENT NUMBER EIGHT TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE]

Exhibit A

REAFFIRMATION AND CONSENT

All capitalized terms used herein without definition shall have the meanings ascribed thereto in: (a) that certain Revolving Note and Cash Subordination Agreement, dated as of April 8, 2012 (as amended, restated, supplemented, or otherwise modified from time to time, the " Note Agreement ") by and between **JMP SECURITIES LLC** , a Delaware limited liability company (" Broker/Dealer ") and **CITY NATIONAL BANK** , a national banking association (" Lender "), and (b) that certain Revolving Note, dated as of April 8, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the " Note ") by and between Broker/Dealer and Lender. Reference is made to: (a) that certain Amendment Number Eight to Revolving Note and Cash Subordination Agreement & Revolving Note, effective as of May 9, 2017 (the " Amendment "), by and between Broker/Dealer and Lender, (b) that certain General Continuing Guaranty, dated as of April 8, 2011 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Holding Broker/Dealer Guaranty ") by **JMP HOLDING LLC,** formerly known as JMP Group LLC, a Delaware limited liability company (" JMP Holding Guarantor "), in favor of Lender, (c) that certain General Continuing Guaranty, dated as of April 30, 2014 (as amended, restated, or otherwise modified from time to time, the " Harvest Broker/Dealer Guaranty ") by **HARVEST CAPITAL STRATEGIES LLC** , formerly known as JMP Asset Management LLC, a Delaware limited liability company (" Harvest Guarantor "), in favor of Lender, (d) that certain General Continuing Guaranty, dated as of May 12, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Realty Broker/Dealer Guaranty ") by **JMP REALTY TRUST INC.,** a Maryland corporation (" JMP Realty Guarantor "), in favor of Lender and (e) that certain General Continuing Guaranty, dated as of May 12, 2016 (as amended, restated, supplemented, or otherwise modified from time to time, the " JMP Investment Broker/Dealer Guaranty "; the JMP Investment Broker/Dealer Guaranty, the JMP Holding Broker/Dealer Guaranty, the Harvest Broker/Dealer Guaranty and the JMP Realty Broker/Dealer Guaranty, collectively, the " Broker/Dealer Guaranties ") by **JMP INVESTMENT HOLDING LLC,** a Delaware limited liability company (" JMP Investment Guarantor "; the JMP Investment Guarantor, JMP Holding Guarantor, the Harvest Guarantor and JMP Realty Guarantor, collectively, the " Guarantors "), in favor of Lender. The undersigned Guarantors each hereby (a) represents and warrants to the Lender that the execution, delivery, and performance of this Reaffirmation and Consent are within its powers, have been duly authorized by all necessary limited liability company action, and are not in contravention of any law, rule, or regulation, or any order, judgment, decree, writ, injunction, or award of any arbitrator, court, or governmental entity, or of the terms of its certificate of formation and limited liability company agreement, or of any material contractual obligation to which it is a party or by which any of its properties may be bound or affected, except to the extent that any such conflict, breach or default could not individually or in the aggregate reasonably be expected to have a material adverse effect; (b) consents to the amendment of the Note Agreement and the Note as set forth in the Amendment and any waivers granted therein; (c) acknowledges and reaffirms its obligations owing to the Lender under the applicable Broker/Dealer Guaranty, as amended hereby; and (d) agrees that the Note Agreement and the Note shall remain in full force and effect, as amended hereby. Although each of the undersigned has been informed of the matters set forth herein and has acknowledged and agreed to same, they each understand that the Lender has no obligation to inform it of such matters in the future or to seek its acknowledgment or agreement to future amendments, and nothing herein shall create such a duty. Delivery of an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail shall be equally as effective as delivery of an original executed counterpart of this Reaffirmation and Consent. Any party delivering an executed counterpart of this Reaffirmation and Consent by telefacsimile or electronic mail also shall deliver an original executed counterpart of this Reaffirmation and Consent but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Reaffirmation and Consent. This Reaffirmation and Consent shall be governed by the laws of the State of California.

IN WITNESS WHEREOF, the undersigned have each caused this Reaffirmation and Consent to be executed as of the date of the Amendment.

JMP HOLDING LLC (formerly known as JMP Group LLC), a Delaware limited liability company

By: ______________________________
Raymond S. Jackson
Chief Financial Officer

HARVEST CAPITAL STRATEGIES LLC
(formerly known as JMP Asset Management LLC),
a Delaware limited liability company

By: ______________________________
Raymond S. Jackson
Chief Financial Officer

JMP REALTY TRUST INC. ,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

JMP INVESTMENT HOLDINGS LLC ,
a Delaware limited liability company

By: ______________________________
Title: ______________________________

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT TO AMENDMENT NUMBER EIGHT TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE]

Exhibit 31.1

JMP GROUP LLC

CERTIFICATION OF CHIEF EXECUTIVE OFFICER REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Joseph A. Jolson, certify that:

1. I have reviewed this quarterly report for the period ended June 30, 2017 on Form 10-Q of JMP Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 8, 2017

/s/ Joseph A. Jolson
Joseph A. Jolson
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

JMP GROUP LLC

CERTIFICATION OF CHIEF FINANCIAL OFFICER REQUIRED BY RULE 13A-14(A) OR RULE 15D-14(A) OF THE SECURITIES EXCHANGE ACT OF 1934, AS ADOPTED PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002.

I, Raymond S. Jackson, certify that:

1. I have reviewed this quarterly report for the period ended June 30, 2017 on Form 10-Q of JMP Group LLC;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 8, 2017

/s/ Raymond S. Jackson
Raymond S. Jackson
Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

JMP GROUP LLC

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the periodic report of JMP Group LLC (the "Company") on Form 10-Q for the period ended June 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Joseph A. Jolson, Chief Executive Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 8, 2017

/s/ Joseph A. Jolson
Joseph A. Jolson
Chief Executive Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.

Exhibit 32.2

JMP GROUP LLC

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002.

In connection with the periodic report of JMP Group LLC (the "Company") on Form 10-Q for the period ended June 30, 2017, as filed with the Securities and Exchange Commission (the "Report"), I, Raymond S. Jackson, Chief Financial Officer of the Company, hereby certify as of the date hereof, solely for purposes of Title 18, Chapter 63, Section 1350 of the United States Code, that to the best of my knowledge:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates and for the periods indicated.

Date: August 8, 2017

/s/ Raymond S. Jackson
Raymond S. Jackson
Chief Financial Officer

This certification accompanies this Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such certification will not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that the Company specifically incorporates it by reference.