

JMP

Introduction to JMP Group LLC

May 2020

Forward-Looking Statements

This presentation, as well as any accompanying comments by JMP Group representatives, contains forward-looking statements that reflect JMP Group's current views with respect to, among other things, the company's operations and financial performance, as well as potential increases in dividends and retained earnings as a result of the proposed reorganization transaction discussed herein. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "could," "seeks," "predicts," "intends," "plans," "estimates," "anticipates," or the negative versions of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. JMP Group believes that these factors include, but are not limited to, those described in the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the company's Form 10-K for the year ended December 31, 2019, as filed with the Securities and Exchange Commission on March 30, 2020, and in the similarly captioned sections of its other periodic reports filed under the Securities Exchange Act of 1934, as amended. JMP Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise.

A Diversified Capital Markets Firm

- Diversified revenue mix and scalable platforms
 - Boutique investment bank with growing franchise value in consolidating industry
 - Alternative asset manager with strategies in six different asset classes
- Headquartered in San Francisco and focused on four growth industries: technology, healthcare, financial services and real estate
- Well-aligned executive management with ownership of approximately 60% of outstanding shares and incentive compensation tied to profitability
- Elected to be treated as a C corporation for tax purposes, rather than as a partnership, as of January 1, 2019

1Q20 Key Developments

- Consolidated JMP Securities' real estate vertical into the financial services group
- Closed CLO VI (managed by Medalist Partners) returning cash that had been committed to warehouse financing
- Conserved cash at period-end in face of global health crisis

Operating EPS by Segment ⁽¹⁾

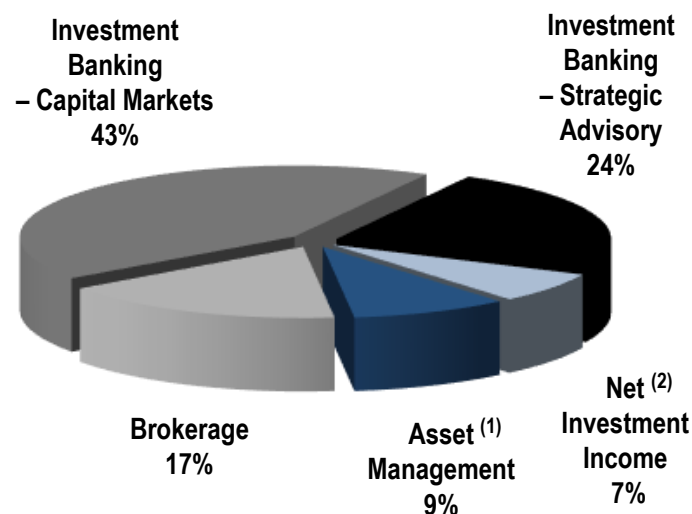
(\$ per share)	LTM		2019	
	EPS	ROE	EPS	ROE
Broker-Dealer	(\$0.21)	(14.8%)	(\$0.24)	(19.8%)
Asset Management Fee Income	(0.01)	(5.4%)	(0.02)	(7.6%)
Investment Income	0.32	6.0%	0.48	8.4%
Total Asset Management	0.30	5.5%	0.46	7.5%
Corporate Costs	(0.25)		(0.26)	
Operating Net Income	<u>(\$0.15)</u>	(3.6%)	<u>(\$0.04)</u>	(0.9%)

⁽¹⁾ A non-GAAP financial measure. For more information, see the Form 8-K filed on 4/29/20. Due to rounding, per share amounts may not sum totals presented.

Multiple Business Lines

- Focus on revenue growth and margin expansion across all business lines
- Within JMP Securities, pursuit of market share gains as competitors consolidate, exit businesses or reallocate resources
- Increasing portion of total revenues derived from higher-margin strategic advisory services
- Asset management growth strategy reoriented toward independent platforms that offer revenue synergies with JMP Group

Composition of LTM Adjusted Net Revenues

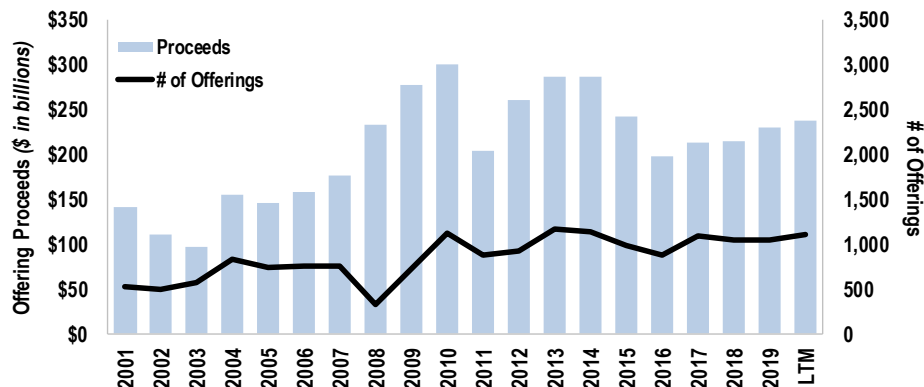


(1) Includes fundraising and other asset management-related fee revenues reported as other income. Excludes all non-controlling interests in asset management fees.
(2) Excludes net unrealized gains and losses on strategic equity investments and warrants as well as any gains and losses earned on deferred employee compensation invested. Excludes all non-controlling interests in net investment income.

Attractive Long-Term Growth

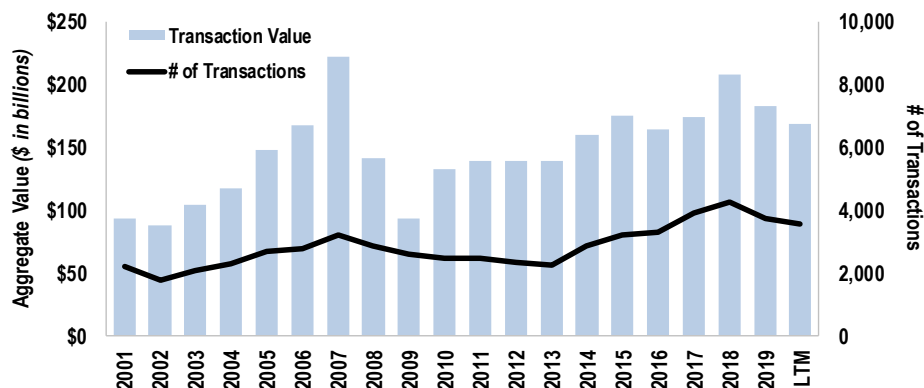
- The number of common equity offerings by U.S. issuers each year has doubled in the past two decades
- While underwriting revenues across the industry have remained relatively flat since 2017, JMP Securities has competed aggressively for ECM market share
- Middle-market M&A activity has been strong in recent years but slowed in 2019
- JMP Securities has undertaken a multi-year initiative to organically expand the firm's strategic advisory business, making it a growing component of the firm's revenue

U.S. Common Equity Offerings



U.S. Mergers & Acquisitions

Transactions with Total Consideration of \$1.0 Billion or Less



Four Key Focuses

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

- **Invest in JMP Securities' institutional equities platform**
 - Protect franchise value derived from position as one of the few remaining independent research boutiques in a consolidating industry

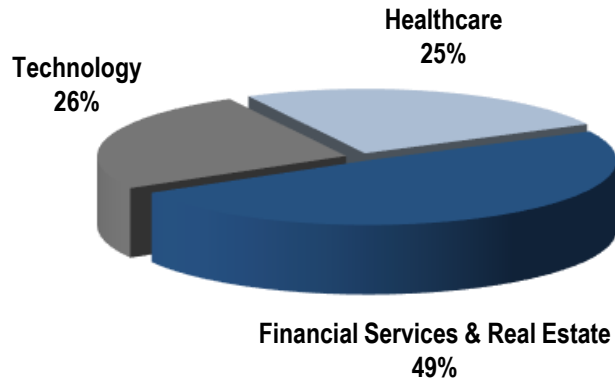
- **Expand asset management platforms**
 - Attract new assets to existing fund strategies that leverage intellectual capital across the JMP Group platform
 - Partner with newly established venture capital firms to help raise investor capital and to generate investment banking opportunities for JMP Securities

- **Redeploy invested capital**
 - Opportunistically reduce \$97 million investment portfolio
 - Reduce long-term debt to \$50 million by 2023 through investment sales and earnings

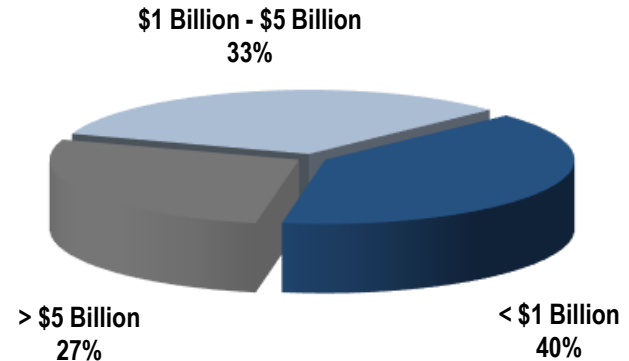
Coverage of Four Broad Growth Sectors

- Differentiated equity research is key to active relationships with institutional brokerage clients and with companies under coverage that may seek investment banking services
- 19 publishing research analysts, 399 covered companies, and a median market capitalization of \$1.6 billion
- Brokerage platform is a highly effective distribution network for underwritten securities offerings

Research Coverage by Sector



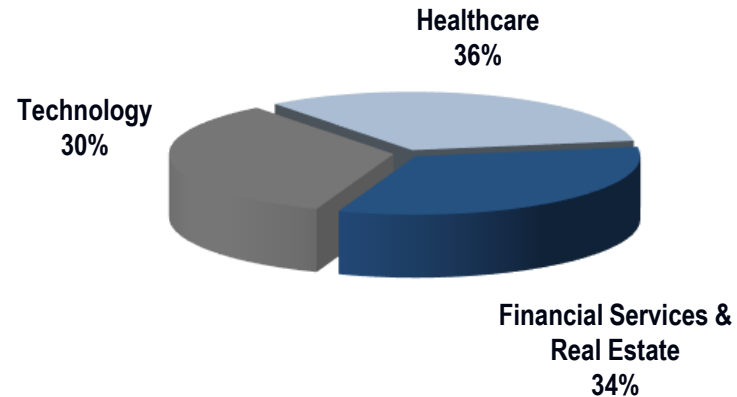
Research Coverage by Market Cap.



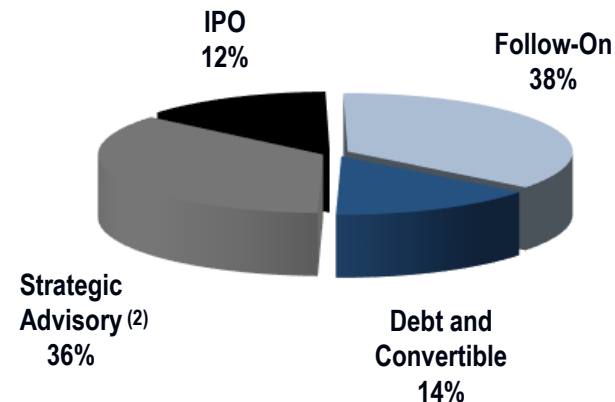
Diversification in Transaction Volume

- Despite recent dislocation of the capital markets due to the COVID-19 pandemic, JPM Securities remains optimistic about the long-term outlook for both ECM and strategic advisory activity
- JPM Securities' ECM market share in the technology sector is strong and growing
 - Underwriter of 19, or 28%, of the 68 U.S.-listed technology IPOs since the start of 2018 ⁽¹⁾
- Contributions from senior M&A bankers hired over the past 18 months are now adding to the organic growth of high-margin strategic advisory revenues

Investment Banking Revenues – LTM by Industry



Investment Banking Revenues – LTM by Transaction

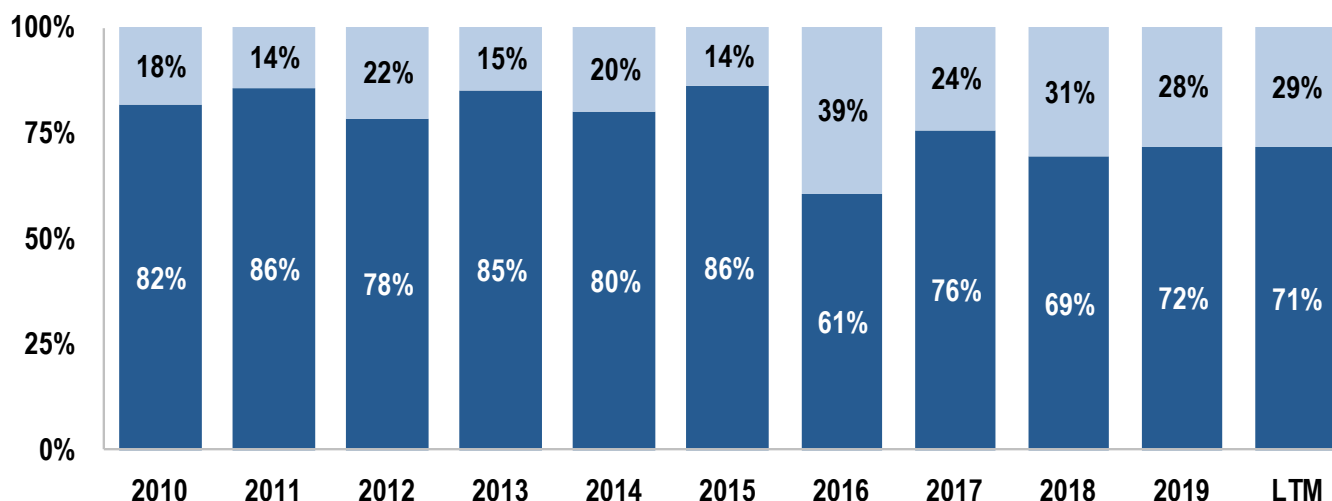


⁽¹⁾ Excludes issuers domiciled in China.

⁽²⁾ Includes private placement revenues

Composition of Revenues

- Total investment banking and institutional brokerage revenues at JMP Securities have shifted toward strategic advisory fees since 2016 as a result of a build-out of the firm's M&A capabilities



(\$ in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	LTM
Advisory Revenues	\$13.7	\$10.3	\$15.7	\$14.6	\$21.7	\$12.5	\$31.0	\$24.0	\$33.4	\$23.5	\$24.5
Capital Markets Revenues	60.2	61.3	57.2	84.2	86.3	77.3	48.1	74.5	75.4	59.9	61.3
JMP Securities Revenues	\$73.8	\$71.6	\$72.9	\$98.8	\$108.0	\$89.8	\$79.1	\$98.5	\$108.8	\$83.4	\$85.8

Note: Effective January 1, 2018, JMP Group adopted a new accounting standard that requires a gross presentation of investment banking revenues. Prior to 2018, certain investment banking revenues were presented net of related expenses.

Franchise Value in Independence

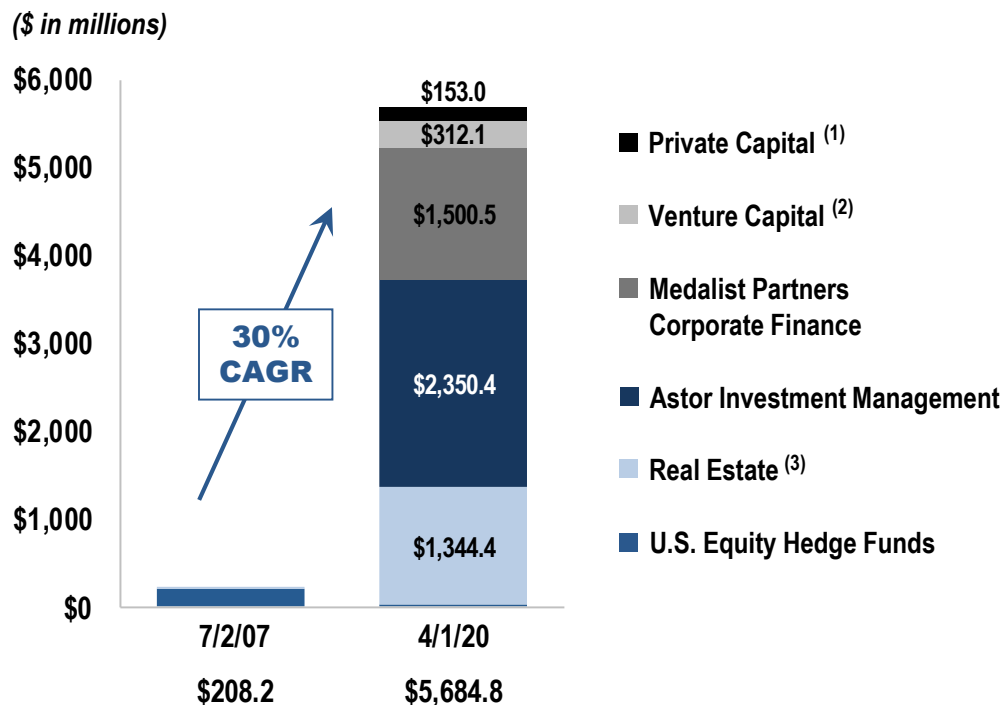
- Following more than a decade of consolidation among institutional broker-dealers and advisory firms, JMP Securities is among the few remaining independent investment banks with meaningful scale
- Selected peer firms acquired or closed since JMP Group's 2007 IPO:

— Buckingham Research Group	Apr. 2020	— Dahlman Rose & Company	Feb. 2013
— Ladenburg Thalmann	Nov. 2019	— Caris & Company	Dec. 2012
— Freeman & Co.	Oct. 2019	— Milestone Advisors	Dec. 2012
— Sandler O'Neill + Partners	July 2019	— Jefferies Group	Nov. 2012
— Cleary Gull	July 2019	— KBW	Nov. 2012
— GMP Capital	June 2019	— ThinkEquity	Nov. 2012
— FIG Partners	Mar. 2019	— Rodman & Renshaw	July 2012
— Bowstring Advisors	Feb. 2019	— Brigantine Advisors	Feb. 2012
— Leerink Partners	Nov. 2018	— McGladrey Capital Markets	Jan. 2012
— National Holdings Corporation	Nov. 2018	— Morgan Keegan & Company	Jan. 2012
— Quarton International	Nov. 2018	— Ticonderoga Securities	Jan. 2012
— Cain Brothers & Company	Aug. 2017	— Citadel Securities	Aug. 2011
— Wunderlich Securities	May 2017	— Signal Hill Capital Group (Equities)	Aug. 2011
— Avondale Partners (Equities)	Mar. 2017	— Soleil Securities	Mar. 2011
— CLSA Americas (Equities)	Mar. 2017	— Nollenberger Capital Partners	Feb. 2011
— FBR & Co.	Feb. 2017	— Howe Barnes Hoefler & Arnett	Dec. 2010
— Tudor, Pickering, Holt & Co.	Nov. 2016	— Tri-Artisan Capital Partners	Dec. 2010
— BB&T Capital Markets (Equities)	July 2016	— CRT Capital Group	Aug. 2010
— Sterne Agee CRT	June 2016	— Updata Advisors	Aug. 2010
— Simmons & Company	Nov. 2015	— Thomas Weisel Partners	Apr. 2010
— MLV & Co.	July 2015	— Fox-Pitt Kelton	Sep. 2009
— Sterne Agee Group	Feb. 2015	— Merrill Lynch & Co.	Sep. 2008
— Lazard Capital Markets	Sep. 2014	— Lehman Brothers	Sep. 2008
— Pacific Crest Securities	July 2014	— Bear Stearns	Mar. 2008
— Gleacher & Company	July 2014	— CIBC World Markets (U.S.)	Nov. 2007
— SWS Group	Apr. 2014	— Putnam Lovell	June 2007
— McColl Partners	June 2013	— Cochran Caronia Waller	May 2007
— Edgeview Partners	June 2013		

Alternative Investment Products

- Focus on growing fund strategies that leverage intellectual capital across the JMP Group platform
 - Venture capital
 - Private credit
 - Real estate

Assets Under Management



⁽¹⁾ Represents Harvest Capital Credit Corporation (NASDAQ: HCAP) and JMP Capital I.

⁽²⁾ Includes Harvest Growth Capital funds and Harvest Intrexon Enterprise Fund.

⁽³⁾ Represents Workspace Property Trust and JMP Realty Partners strategy.

Capital Deployed in Alternative Assets

- Results for 1Q20 driven by closing of CLO VI warehouse facility and strong performance of real estate investments, offset by large losses at hedge fund Harvest Agriculture Select

(\$ in millions)	Return on Average Equity Invested		% of Invested Capital
	2019	1Q20 ⁽²⁾	
Hedge Funds	11.7%	(16.4%)	5%
Private Capital	5.8%	1.6%	8%
Venture Capital	8.6%	(0.8%)	6%
CLO Assets	13.7%	5.2% ⁽³⁾	50%
Real Estate	27.5%	4.3%	20%
Principal Investments ⁽¹⁾	15.3%	(1.3%)	11%
Total Invested Capital	13.7%	2.8%	100%

⁽¹⁾ Returns calculated using average cost basis for given period.

⁽²⁾ Quarterly returns. Not annualized.

⁽³⁾ Excludes unrealized losses on fair value of CLO equity investments.

Balance Sheet

(\$ in millions)	3/31/20	12/31/19 ⁽¹⁾
Assets		
Cash	\$38.4	\$49.6
Marketable Securities ⁽²⁾	56.0	73.1
Other Investments ⁽³⁾	22.0	35.3
Loans Held for Investment	1.2	1.2
Operating Lease Right-of-Use Asset	18.8	19.6
Other Assets	52.6	51.4
Total Assets	\$189.0	\$230.3
Liabilities and Equity		
Accrued Compensation	\$5.6	\$30.3
Bond Payable	80.6	82.6
Note Payable	6.8	6.8
Operating Lease Right-of-Use Liability	24.4	25.4
Other Liabilities	20.4	23.9
Total Liabilities	137.8	168.9
Total Equity	51.2	61.4
Total Liabilities and Equity	\$189.0	\$230.3

- Debt-to-total capital ratio of 61%
 - \$80.6 million of long-term debt

- Tangible book value of \$2.64 per share
 - Adjusted book value of \$3.45 per share

⁽¹⁾ Unaudited pro forma results. Presents the balance sheet as though the deconsolidation of JMP Credit Advisors and the related CLOs had occurred in the period ended 12/31/18, in order to enable a comparison to the results for the period ended 3/31/19, when the majority sale of JMP Credit Advisors and the resulting deconsolidation in fact occurred. See Form 10-Q filed 5/14/19.

⁽²⁾ Includes equity investment in Harvest Capital Credit Corporation as well as investments in CLOs managed by Medalist Partners Corporate Finance.

⁽³⁾ Includes investments in hedge, venture and private capital funds managed by JMP Group subsidiaries in addition to other private equity investments.

Income Statement – Operating Net Income

(\$ in millions)	2017	2018	2019	1Q19	1Q20
Revenues					
Investment Banking Fees	\$77.3	\$88.1	\$65.7	\$11.9	\$14.6
Net Brokerage Revenues	21.1	20.7	17.6	4.5	4.2
Asset Management-Related Fees	18.5	19.1	8.6	1.4	2.3
Net Investment Income ⁽¹⁾	9.1	14.3	15.1	9.0	1.6
Loan Loss Provision	(2.5)	(1.6)	(0.4)	-	-
Adjusted Net Revenues	123.5	140.7	106.5	26.8	22.7
Expenses					
Compensation and Benefits ⁽²⁾	88.5	96.0	72.0	16.0	15.4
General, Administrative and Other	29.9	37.8	35.7	8.6	8.1
Total Non-Interest Expenses	118.3	133.7	107.7	24.6	23.5
Oper. Inc. before Taxes	5.2	6.9	(1.2)	2.3	(0.7)
Income Tax Expense ⁽³⁾	0.8	0.9	(0.3)	0.6	(0.2)
Operating Net Income	\$4.4	\$6.0	(\$0.9)	\$1.7	(\$0.5)
Operating EPS	\$0.20	\$0.28	(\$0.04)	\$0.08	(\$0.03)

⁽¹⁾ Excludes (i) unrealized mark-to-market gains or losses on strategic equity investments and warrant positions and on deferred employee compensation invested, (ii) unrealized losses derived from depreciation and amortization of investments in commercial real estate, (iii) loan loss provisions, and (iv) all non-controlling interests in income and expenses.

⁽²⁾ Excludes compensation expense related to stock-based awards but accelerates and recognizes deferred compensation.

⁽³⁾ Prior to 2018, assumes an effective tax rate of 38%. As of 1/1/18, assumes rate of 26%, adjusted for cap on interest rate expense. Rates apply only to taxable subsidiary; effective tax rate varies.

Investment Highlights

- **Longer-term beneficiary of industry consolidation**
 - Increasing franchise value of independent, full-service investment banking platform
 - Recent acquisitions of M&A boutiques and sector-focused investment banks have been completed at attractive valuations

- **Revenue mix shift toward higher-margin businesses with higher market multiples**

- **Capital-light business model**
 - Targeting high return on equity at operating platforms through varying market cycles
 - Attractive risk-adjusted returns on capital invested in differentiated asset management strategies
 - Significant return of capital since inception through regular cash distributions and share repurchases

- **Potential for improved return on equity and valuation, driven by:**
 - Redeployment of invested capital into retirement of long-term debt
 - Organic growth of strategic advisory revenues with higher and more consistent operating margin