

JMP

Introduction to JMP Group LLC

July 2019

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, 2018, as filed with the Securities and Exchange Commission on March 28, 2019, 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.

Diversified and Profitable

- 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
- Capital-light business model centered on providing attractive ROE
- Elected to be treated as a C corporation for tax purposes, rather than as a partnership, with an effective date of January 1, 2019

Recent Developments

- Completed self-tender offer in June, repurchasing 1.8 million common shares, or 9% of outstanding total
- Redeemed \$11.0 million of senior notes at par value in July, leaving \$75.0 million par value of long-term debt remaining

Operating EPS by Segment ⁽¹⁾

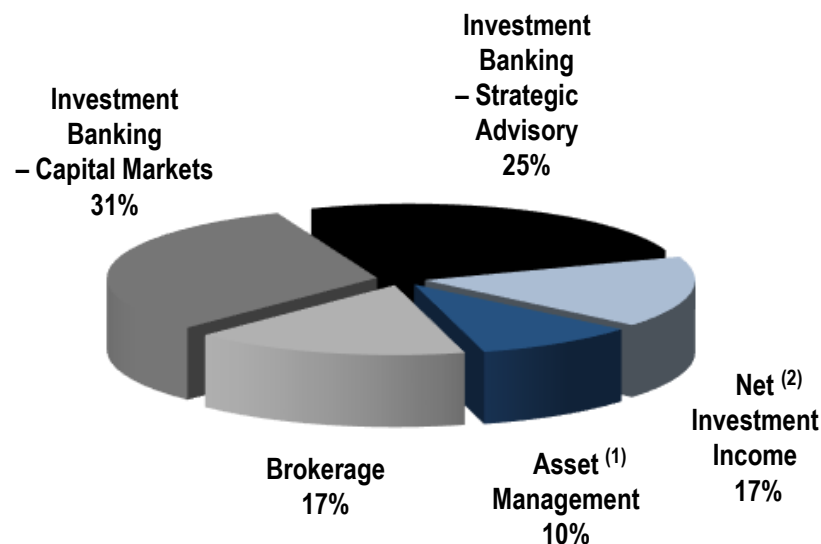
(\$ per share)	LTM		2018	
	EPS	ROE	EPS	ROE
Broker-Dealer	\$0.08	7.1%	\$0.37	32.4%
Asset Management Fee Income	(\$0.03)	(6.8%)	(0.03)	(5.9%)
Investment Income	0.55	8.0%	0.34	4.6%
Total Asset Management	0.52	7.1%	0.31	3.9%
Corporate Costs	(0.35)		(0.41)	
Operating Net Income	\$0.24	5.1%	\$0.28	5.5%

⁽¹⁾ A non-GAAP financial measure. For more information, see the Form 8-K filed on 7/24/19. 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 business reoriented toward investment in independent platforms that may offer revenue synergies with JMP Group

Composition of LTM Adjusted Net Revenues

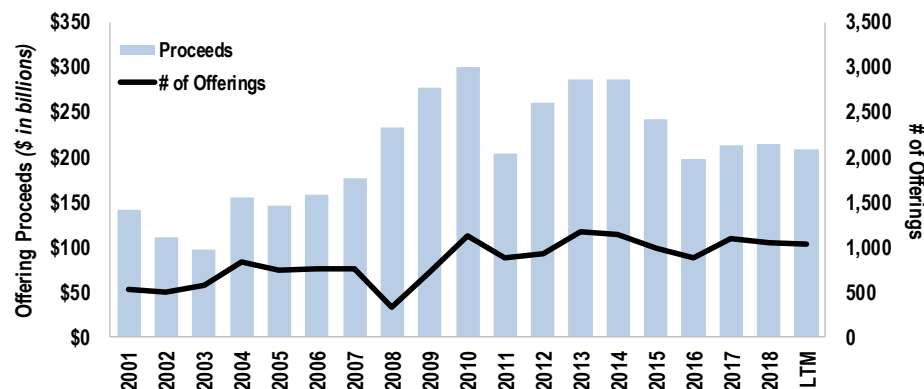


(1) Includes fundraising and other asset management-related fee revenues reported as other income. Excludes all non-controlling interests in asset management fees.
(2) Excludes net unrealized gains and losses on strategic equity investments and warrants as well as any gains and losses earned on deferred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

Compelling Secular Growth Characteristics

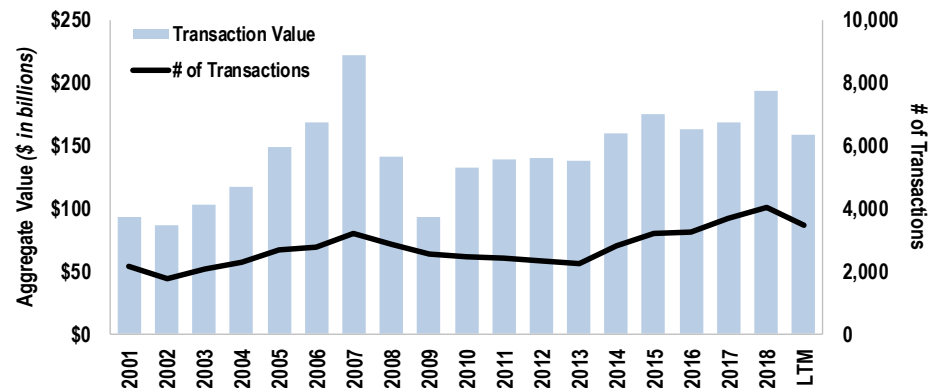
- The number of common equity offerings by U.S. issuers each year has doubled in the past two decades
- JMP Securities has increased its ECM market share materially since 2016, with underwriting revenues rebounding at a faster rate than overall industry fees
- Middle-market M&A activity in recent years has been consistently strong
- 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 more than \$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

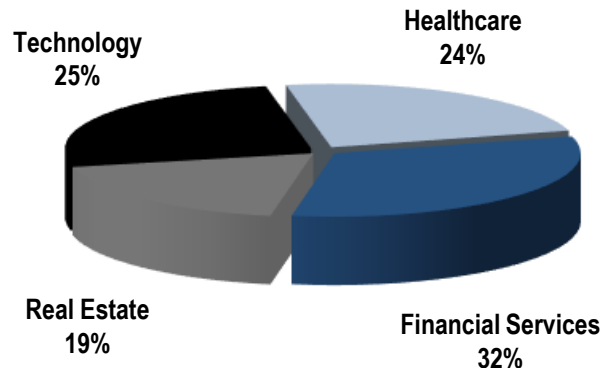
- **Expand asset management platforms**
 - Attract new assets to existing fund strategies that leverage intellectual capital across the JMP Group platform
 - Invest in established asset management firms with near-term capital needs and potential longer-term synergies with JMP Group

- **Redeploy invested capital**
 - Opportunistically reduce \$120 million investment portfolio
 - Reduce long-term debt to \$50 million or less by 2023 through investment sales and retained earnings

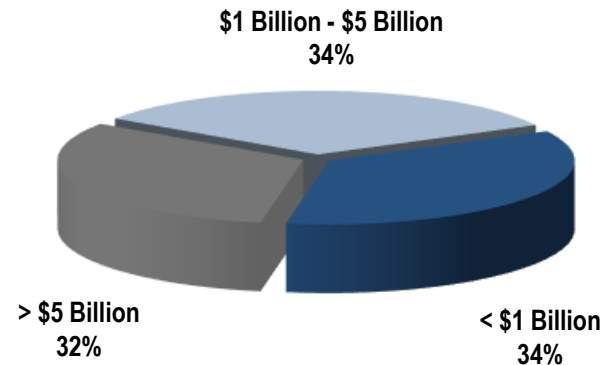
Coverage of Four Broad Growth Sectors

- Differentiated research is key to relationships with institutional brokerage clients in a MiFID II environment and also with companies under coverage that may seek investment banking services
- Brokerage platform is a highly effective distribution network for underwritten securities offerings
- 17 senior research analysts, 384 equities under coverage, and a median market capitalization of \$2.0 billion

Research Coverage by Sector



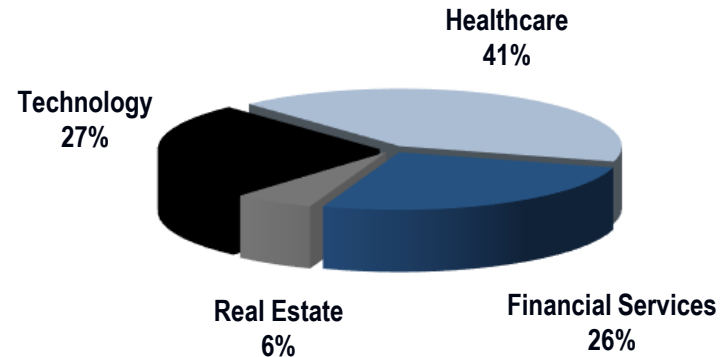
Research Coverage by Market Cap.



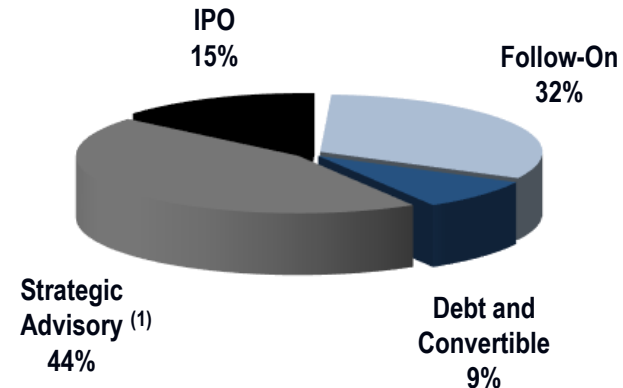
Diversification in Transaction Volume

- Revenue growth stemming from maturation of senior bankers on an increasingly recognized platform
- Strategic advisory is a secular growth business less commoditized than many other investment banking services
- Targeting \$50 million of revenue from high-margin strategic advisory and private placement services by 2021
- JMP Securities' ECM market share in the technology and life sciences sectors is strong and growing
 - Underwriter of 15, or 18%, of the 84 U.S.-listed technology IPOs since the start of 2018

Investment Banking Revenues – LTM by Industry



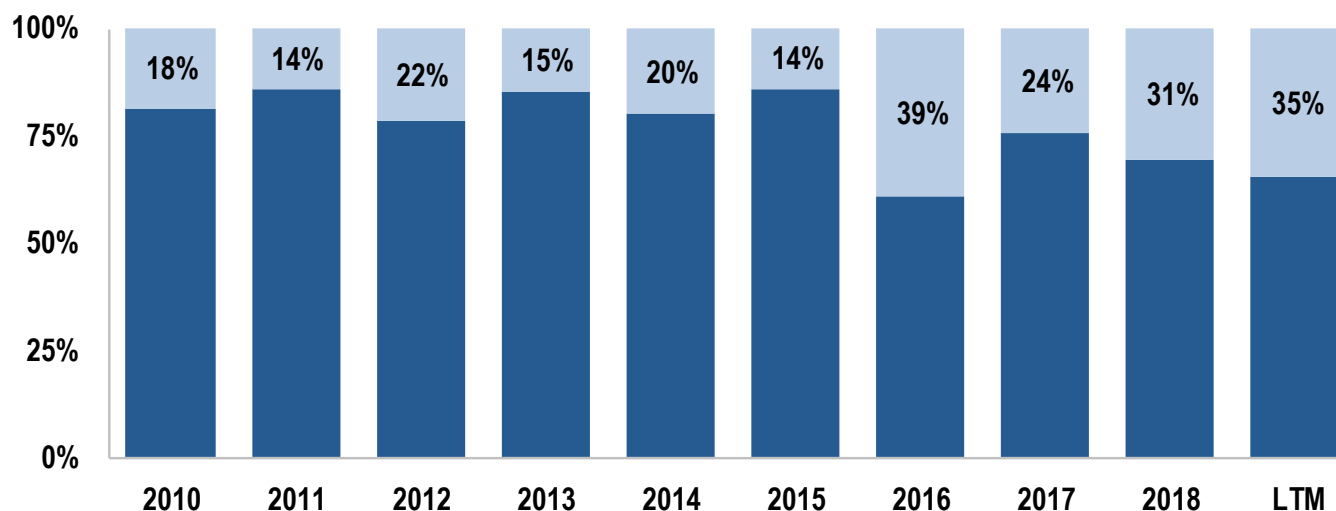
Investment Banking Revenues – LTM by Transaction



⁽¹⁾ 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	LTM
Advisory Revenues	\$13.7	\$10.3	\$15.7	\$14.6	\$21.7	\$12.5	\$31.0	\$24.0	\$33.4	\$30.6
Capital Markets Revenues	60.2	61.3	57.2	84.2	86.3	77.3	48.1	74.5	75.4	57.7
JMP Securities Revenues	\$73.8	\$71.6	\$72.9	\$98.8	\$108.0	\$89.8	\$79.1	\$98.5	\$108.8	\$88.3

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, JPM Securities is among the few remaining independent investment banks with meaningful scale
- Selected peer firms acquired or closed since JPM Group's 2007 IPO:

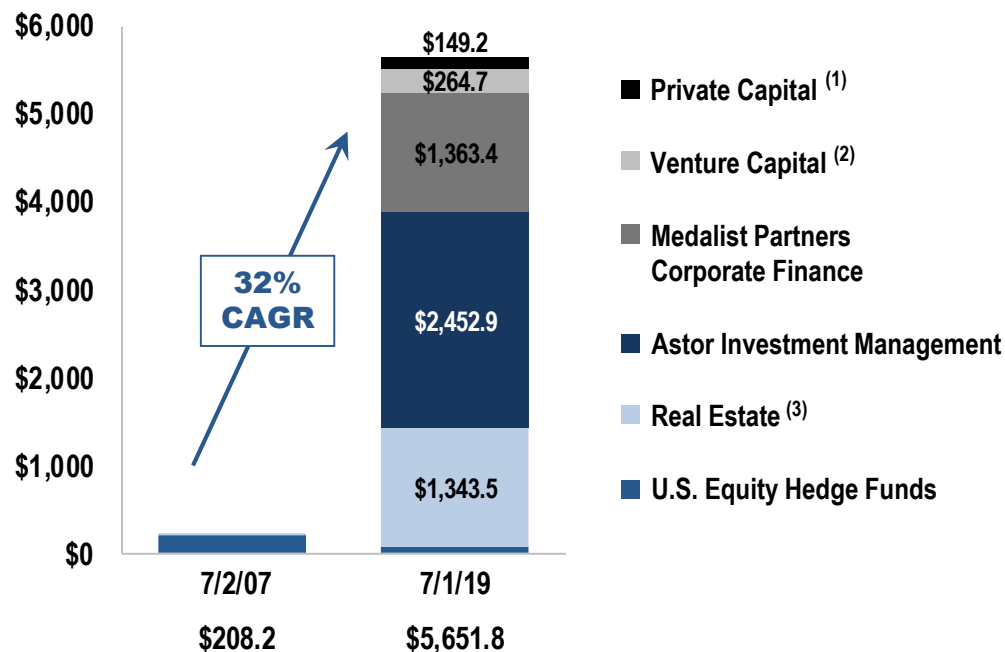
— Sandler O'Neill + Partners	July 2019	— Caris & Company	Dec. 2012
— Cleary Gull	July 2019	— Milestone Advisors	Dec. 2012
— GMP Capital	June 2019	— Jefferies Group	Nov. 2012
— FIG Partners	Mar. 2019	— KBW	Nov. 2012
— Bowstring Advisors	Feb. 2019	— ThinkEquity	Nov. 2012
— Leerink Partners	Nov. 2018	—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

Alternative Investment Products

- Long-term strategy to develop a portfolio of distinct strategies in non-correlated asset classes
- Focus on growing fund strategies that leverage intellectual capital across the JMP Group platform
 - Venture capital
 - Private credit
 - Real estate
- Increasing focus on investments in established third-party fund managers

Assets Under Management

(\$ in millions)



(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 the first half of 2019 driven by CLO performance in addition to material contributions from investments Harvest Agriculture Select, a hedge fund, as well as Workspace Property Trust and a real estate private equity fund

(\$ in millions)	Return on Average Equity Invested ⁽²⁾		% of Invested Capital
	2018	1H19	
Hedge Funds	(13.0%)	10.3%	4%
Private Capital	7.3%	4.8%	11%
Venture Capital	9.1%	7.0%	5%
CLO Assets	11.0%	6.5%	59%
Real Estate	7.9%	11.3%	13%
Principal Investments ⁽¹⁾	27.3%	5.5%	8%
Total Invested Capital	9.5%	6.9%	100%

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

⁽²⁾ Returns net of assumed management fees and carried interest. Returns for 1Q19 not annualized.

Balance Sheet

(\$ in millions)	6/30/19	12/31/18 ⁽¹⁾
Assets		
Cash	\$52.9	\$80.3
Marketable Securities ⁽²⁾	81.5	95.8
Other Investments ⁽³⁾	32.1	22.5
Loans Held for Investment	5.3	3.6
Operating Lease Right-of-Use Asset	21.1	-
Other Assets	43.1	29.8
Total Assets	\$236.0	\$231.9
Liabilities and Equity		
Accrued Compensation	\$13.7	\$40.2
Bond Payable	83.7	83.5
Operating Lease Liability	26.5	-
Other Liabilities	36.9	22.4
Total Liabilities	160.8	146.1
Total Equity	75.2	85.8
Total Liabilities and Equity	\$236.0	\$231.9

- Net invested capital of \$73.2 million, or \$3.79 per share ⁽⁴⁾
- Debt-to-total capital ratio of 49%
 - \$72.7 million of long-term debt, following redemption of \$11.0 million of senior notes in July 2019
- Tangible book value of \$3.91 per share
 - Adjusted book value of \$4.67 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.

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

Income Statement – Operating Net Income

<i>(\$ in millions)</i>	2016	2017	2018	1H18	1H19
Revenues					
Investment Banking Fees	\$55.4	\$77.3	\$88.1	\$49.2	\$29.6
Net Brokerage Revenues	23.8	21.1	20.7	10.1	9.2
Asset Management-Related Fees ⁽¹⁾	26.2	18.5	19.1	11.7	4.2
Net Investment Income ⁽²⁾	25.7	9.1	14.3	5.4	11.6
Loan Loss Provision	(0.9)	(2.5)	(1.6)	(0.9)	-
Adjusted Net Revenues	130.2	123.5	140.7	75.6	54.7
Expenses					
Compensation and Benefits ⁽³⁾	93.0	88.5	96.0	52.5	35.0
General, Administrative and Other	29.0	29.9	37.8	20.8	18.3
Total Non-Interest Expenses	122.0	118.3	133.7	73.3	53.4
Oper. Inc. before Taxes	8.1	5.2	6.9	2.2	1.3
Income Tax Expense ⁽⁴⁾	(2.3)	0.8	0.9	0.5	0.3
Operating Net Income	\$10.5	\$4.4	\$6.0	\$1.8	\$1.0
Operating EPS	\$0.48	\$0.20	\$0.28	\$0.08	\$0.05

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

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

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

⁽⁴⁾ 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

- Revenue mix shift toward higher-margin businesses with higher market multiples
- 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
- Capital-light business model
 - High return on equity at operating platforms
 - 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
 - Targeting payout ratio of 50% of operating earnings going forward
 - Qualified dividend yield of more than 4% at recent price per share
- Consistent profitability over nearly two decades and throughout multiple market cycles
- Initiatives underway to streamline balance sheet and further simplify JMP Group story