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, 2020 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 **(State or other jurisdiction of incorporation or organization)**	**47-1632931** **(I.R.S. Employer Identification No.)**

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

(415) 835-8900
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading symbol	Name of Each Exchange on Which Registered
Shares representing limited liability company interests in JMP Group LLC	JMP	New York Stock Exchange
JMP Group LLC 6.875% Senior Notes due 2029	JMPNZ	The NASDAQ Global Market
JMP Group Inc. 7.25% Senior Notes due 2027	JMPNL	The NASDAQ Global Market

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 every Interactive Data File required to be submitted 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 such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth 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	☒	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 6, 2020: 19,624,854.

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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"). 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 the Investor Relations section of JMP Group LLC's website in addition to following JMP Group LLC's SEC filings, press releases and investor presentation materials.

PART I. FINANCIAL INFORMATION

ITEM 1. Financial Statements

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

	June 30, 2020	December 31, 2019 (1)
Assets		
Cash and cash equivalents	$ 47,219	$ 49,630
Restricted cash	1,287	1,287
Investment banking fees receivable	13,023	9,066
Marketable securities owned at fair value	60,064	73,101
Other investments (includes $13,468 and $14,206 measured at fair value at June 30, 2020 and December 31, 2019, respectively)	22,693	35,309
Loans held for investment, net of allowance for loan losses	1,147	1,210
Interest receivable	367	502
Fixed assets, net	3,616	4,267
Operating lease right-of-use asset	17,963	19,632
Other assets	39,504	36,253
Total assets	$ 206,883	$ 230,257
Liabilities and Equity		
Liabilities:		
Marketable securities sold, but not yet purchased, at fair value	$ 2,417	$ 3,855
Accrued compensation	16,420	30,253
Interest payable	708	520
Note payable	10,610	6,812
Bond payable (net of debt issuance costs of $3,145 and $3,416 at June 30, 2020 and December 31, 2019, respectively)	80,720	82,584
Operating lease liability	23,316	25,394
Other liabilities	17,059	19,478
Total liabilities	151,250	168,896
Commitments and Contingencies (Note 14)		
JMP Group LLC Shareholders' Equity		
Common shares, $0.001 par value, 100,000,000 shares authorized at June 30, 2020 and December 31, 2019; 22,797,092 shares issued at June 30, 2020 and December 31, 2019; 19,594,451 and 19,509,349 shares outstanding at June 30, 2020 and December 31, 2019, respectively	23	23
Additional paid-in capital	134,337	133,894
Treasury shares at cost, 3,202,641 and 3,287,743 shares at June 30, 2020 and December 31, 2019, respectively	(14,467)	(14,872)
Accumulated other comprehensive loss	(493)	(4,769)
Accumulated deficit	(63,212)	(52,588)
Total JMP Group LLC shareholders' equity	56,188	61,688
Non-controlling interest	(555)	(327)
Total equity	55,633	61,361
Total liabilities and equity	$ 206,883	$ 230,257

(1) The balance sheet as of December 31, 2019 is derived from the audited financial statements as of that date.

See accompanying notes to consolidated financial statements.

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

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Revenues				
Investment banking	$ 21,595	$ 17,736	$ 36,220	$ 29,615
Brokerage	5,645	4,657	9,832	9,192
Asset management fees	1,712	2,354	3,428	4,057
Principal transactions	(48)	1,423	(17,600)	6,711
Loss on sale, payoff and mark-to-market of loans	-	(21)	-	(38)
Net dividend income	10	293	237	589
Other income	912	793	1,847	758
Non-interest revenues	29,826	27,235	33,964	50,884
Interest income	1,890	2,772	4,104	17,063
Interest expense	(1,723)	(1,939)	(3,505)	(12,712)
Net interest income	167	833	599	4,351
Gain on repurchase, reissuance or early retirement of debt	-	-	697	-
Total net revenues	29,993	28,068	35,260	55,235
Non-interest expenses				
Compensation and benefits	22,386	19,945	38,599	37,167
Administration	1,067	2,748	3,289	4,677
Brokerage, clearing and exchange fees	647	733	1,281	1,434
Travel and business development	54	1,347	976	2,368
Managed deal expenses	950	1,334	1,538	1,867
Communications and technology	1,085	1,127	2,214	2,180
Occupancy	1,194	1,409	2,393	2,832
Professional fees	731	821	1,621	2,277
Depreciation	397	311	945	608
Other	208	5	208	500
Total non-interest expenses	28,719	29,780	53,064	55,910
Net income (loss) before income taxes	1,274	(1,712)	(17,804)	(675)
Income tax benefit	176	(517)	(7,063)	(4,619)
Net income (loss)	1,098	(1,195)	(10,741)	3,944
Less: Net income (loss) attributable to non-controlling interest	(26)	(83)	(117)	(13)
Net income (loss) attributable to JMP Group LLC	$ 1,124	$ (1,112)	$ (10,624)	$ 3,957
Net income (loss) attributable to JMP Group LLC per common share:				
Basic	$ 0.06	$ (0.05)	$ (0.54)	$ 0.19
Diluted	$ 0.06	$ (0.05)	$ (0.54)	$ 0.19
Weighted average common shares outstanding:				
Basic	19,582	20,772	19,557	21,028
Diluted	19,744	20,772	19,557	21,151

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)
(In thousands)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Net income (loss)	$ 1,098	$ (1,195)	$ (10,741)	$ 3,944
Other comprehensive income (loss):				
Net unrealized gains (losses) on available-for-sale securities during the period, net of income tax provision (benefit) of $828, ($631), ($2,335) and ($904)	2,253	(1,787)	(6,354)	(2,569)
Less: reclassification adjustments for net (gains) losses on available-for-sale securities, net of income tax provision (benefit) of $272, $0, $3,906 and $0	742	-	10,630	-
Net other comprehensive income (loss), net of income tax provision (benefit) of $1,100, ($631), $1,571 and ($904)	2,995	(1,787)	4,276	(2,569)
Comprehensive income (loss)	4,093	(2,982)	(6,465)	1,375
Less: comprehensive income (loss) attributable to non-controlling interest	(26)	(83)	(117)	(13)
Comprehensive income (loss) attributable to JMP Group LLC	$ 4,119	$ (2,899)	$ (6,348)	$ 1,388

See accompanying notes to consolidated financial statements.

JMP Group LLC
Consolidated Statements of Changes in Shareholders' Equity
(Unaudited)
(In thousands)

	JMP Group LLC's Equity							
	Common Shares		Treasury	Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Non-controlling	Total
	Shares	Amount	Shares	Capital	Deficit	Income (Loss)	Interest	Equity
Balance, December 31, 2019	22,797	$ 23	$ (14,872)	$ 133,894	$ (52,588)	$ (4,769)	$ (327)	$ 61,361
Net income (loss)	-	-	-	-	(11,748)	-	(91)	(11,839)
Additional paid-in capital - share-based compensation	-	-	-	266	-	-	-	266
Purchases of shares of common shares for treasury	-	-	(26)	-	-	-	-	(26)
Reissuance of shares of common shares from treasury	-	-	200	(32)	-	-	-	168
Other comprehensive income	-	-	-	-	-	1,281	-	1,281
Balance, March 31, 2020	22,797	23	(14,698)	134,128	(64,336)	(3,488)	(417)	51,212
Net income (loss)	-	-	-	-	1,124	-	(26)	1,098
Additional paid-in capital - share-based compensation	-	-	-	209	-	-	-	209
Purchases of shares of common shares for treasury	-	-	231	-	-	-	-	231
Distribution to non-controlling interest holders	-	-	-	-	-	-	(112)	(112)
Other comprehensive income	-	-	-	-	-	2,995	-	2,995
Balance, June 30, 2020	22,797	$ 23	$ (14,467)	$ 134,337	$ (63,212)	$ (493)	$ (555)	$ 55,633

	JMP Group LLC's Equity							
	Common Shares		Treasury	Additional Paid-In	Accumulated	Accumulated Other Comprehensive	Non-controlling	Total
	Shares	Amount	Shares	Capital	Deficit	Income (Loss)	Interest	Equity
Balance, December 31, 2018	22,780	$ 23	$ (7,932)	$ 134,129	$ (42,513)	$ -	$ 13,499	$ 97,206
Net income (loss)	-	-	-	-	5,069	-	70	5,139
Additional paid-in capital - share-based compensation	-	-	-	144	-	-	-	144
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(1,070)	-	-	(1,070)
Purchases of shares of common shares for treasury	-	-	(753)	-	-	-	-	(753)
Reissuance of shares of common shares from treasury	-	-	357	(39)	-	-	-	318
Distributions to non-controlling interest holders	-	-	-	-	-	-	(913)	(913)
Derecognition of non-controlling interest due to deconsolidation	-	-	-	-	-	-	(12,842)	(12,842)
Other comprehensive loss	-	-	-	-	-	(782)	-	(782)
Balance, March 31, 2019	22,780	23	(8,328)	134,234	(38,514)	(782)	(186)	86,447
Net income (loss)	-	-	-	-	(1,112)	-	(83)	(1,195)
Additional paid-in capital - share-based compensation	-	-	-	177	-	-	-	177
Distributions and distribution equivalents declared on common shares and restricted share units	-	-	-	-	(843)	-	-	(843)
Purchases of shares of common shares for treasury	-	-	(8,044)	-	-	-	-	(8,044)
Reissuance of shares of common shares from treasury	-	-	496	(79)	-	-	-	417
Other comprehensive loss	-	-	-	-	-	(1,787)	-	(1,787)
Balance, June 30, 2019	22,780	$ 23	$ (15,876)	$ 134,332	$ (40,469)	$ (2,569)	$ (269)	$ 75,172

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from operating activities:		
Net (loss) income	$ (10,741)	$ 3,944
Adjustments to reconcile net loss (income) to net cash used in operating activities:		
(Gain) loss on repurchase, reissuance or early retirement of debt	(697)	38
Change in other investments:		
Income from investments in equity method investees	(592)	(621)
Gain on other investments	(1,187)	(1,336)
Depreciation and amortization	716	428
Share-based compensation expense	897	1,057
Gain on deconsolidation	-	(3,520)
Distributions of investment income from equity method investments	788	-
Other, net	(202)	94
Net change in operating assets and liabilities:		
Decrease (increase) in interest receivable	135	(4,913)
Decrease (increase) in receivables	(3,757)	478
Decrease (increase) in marketable securities	18,882	10,781
Decrease (increase) in other assets	(5,341)	(12,518)
Decrease (increase) in marketable securities sold, but not yet purchased	(1,438)	(1,902)
Increase (decrease) in interest payable	188	(3,430)
Increase (decrease) in accrued compensation	(13,833)	(27,670)
Increase (decrease) in other liabilities	(1,892)	7,951
Net cash provided by (used in) operating activities	(18,074)	(31,139)
Cash flows from investing activities:		
Purchases of fixed assets	(296)	(904)
Purchases of other investments	(159)	(9,630)
Sales or distributions from other investments	13,766	10,364
Funding of loans collateralizing asset-backed securities issued	-	(35,153)
Funding of loans held for investment	-	(25,587)
Sale, payoff and principal receipts of loans collateralizing asset-backed securities issued	-	23,806
Sale, payoff and principal receipts on loans held for investment	77	7,020
Net decrease in cash and restricted cash due to deconsolidation of subsidiaries	-	(27,771)
Net cash provided by (used in) investing activities	13,388	(57,855)

See accompanying notes to consolidated financial statements.

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

	Six Months Ended June 30,	
	2020	**2019**
Cash flows from financing activities:		
Proceeds from drawdowns on line of credit and other borrowings	3,798	16,583
Proceeds from drawdowns on CLO warehouse facilities	-	7,750
Repayment of line of credit	-	(1,600)
Repayment of asset-backed securities issued	-	(801)
Repurchase of bonds payable	(1,361)	-
Distributions and distribution equivalents paid on common shares and RSUs	-	(1,913)
Purchase of common shares for treasury	-	(8,614)
Distributions to non-controlling interest shareholders	(112)	(913)
Employee taxes paid on shares withheld for tax-withholding purposes	(50)	(184)
Net cash provided by provided by (used in) financing activities	2,275	10,308
Net (decrease) increase in cash, cash equivalents, and restricted cash	(2,411)	(78,686)
Cash, cash equivalents and restricted cash, beginning of period	50,917	132,808
Cash, cash equivalents and restricted cash, end of period	$ 48,506	$ 54,122
Supplemental disclosures of cash flow information:		
Cash paid (received) during the period for interest	$ 3,317	$ 16,142
Cash paid (received) during the period for taxes, net of refunds	$ (263)	$ 2,060
Non-cash investing and financing activities:		
Reissuance of common shares from treasury related to vesting of restricted share units	$ 455	$ 854
Acquisition of equity securities in restructuring of loans	-	259
Initial recognition of operating lease right-of-use assets	-	23,604
Initial recognition of operating lease right-of-use liabilities	-	29,278
Carrying value of non-cash assets derecognized on deconsolidation of subsidiaries	-	1,226,848
Carrying value of non-cash liabilities derecognized on deconsolidation of subsidiaries	-	1,161,933
Carrying value of non-controlling interest derecognized on deconsolidation of subsidiaries	-	12,842
Fair value of marketable securities recognized on deconsolidation of subsidiaries	-	76,879
Fair value of other investments recognized on deconsolidation of subsidiaries	-	7,516

See accompanying notes to consolidated financial statements.

1. Organization and Description of Business

JMP Group LLC, together with its subsidiaries (collectively, the “Company”), is a diversified financial services firm headquartered in San Francisco, California. The Company conducts its investment banking and institutional brokerage business through JMP Securities LLC (“JMP Securities”) and its asset management business through Harvest Capital Strategies LLC (“HCS”), HCAP Advisors LLC (“HCAP Advisors”), JMP Asset Management LLC (“JMPAM”) and JMP Credit Advisors LLC (“JMPCA”) (through March 19, 2019). The Company conducts certain principal investment transactions through JMP Investment Holdings LLC (“JMP Investment Holdings”) and other subsidiaries. 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”), a publicly-traded business development company. JMPAM currently manages two fund strategies: one that invests in real estate and real estate-related enterprises and another that provides credit to small and midsized private companies. JMPCA, which was a wholly-owned subsidiary until March 19, 2019, is an asset management platform that underwrites and manages investments in senior secured debt. 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”). The Company entered into a Contribution Agreement in November 2017 pursuant to which JMP Group Inc. became a wholly-owned subsidiary of JMP Investment Holdings, which is a wholly-owned subsidiary of JMP Group LLC.

2. Summary of Significant Accounting Policies

Basis of Presentation

These 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 Quarterly Report on Form 10-Q and Article 10 of Regulation S-X. These 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, 2019 filed with the SEC on March 30, 2020 (the "Annual Report"). Certain disclosures required by GAAP and normally included in an annual report on Form 10-K have been condensed or omitted from this report; however, except as disclosed herein, there has been no material change in the information disclosed in the notes to consolidated financial statements included in 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. In the opinion of management, all normal, recurring adjustments have been included for a fair statement of this interim financial information.

The consolidated accounts of the Company include the wholly-owned subsidiaries and the partially-owned subsidiaries of which the Company is the majority owner or the primary beneficiary. All material intercompany accounts and transactions have been eliminated in consolidation. Non-controlling interests on the Consolidated Statements of Financial Condition at June 30, 2020 and December 31, 2019 relate to the interest of third parties in the partially-owned subsidiaries. Certain prior year amounts have been reclassified to conform to current year presentation.

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

For the six months ended June 30, 2020, there were no significant changes made to the Company's significant accounting policies. See Note 3, *Recent Accounting Pronouncements*, for a summary of recently adopted or yet to be adopted accounting pronouncements, and their impact on the Company.

Deconsolidation

During the first three months of 2019, multiple events and transactions took place which resulted in the Company deconsolidating the following variable interest entities ("VIEs"): JMPCA, JMP Credit Advisors CLO III(R) Ltd. ("CLO III"), JMP Credit Advisors CLO IV Ltd ("CLO IV"), JMP Credit Advisors CLO V Ltd ("CLO V"), and JMP Credit Advisors Long-Term Warehouse Ltd ("CLO VI") (CLO III, CLO IV, CLO V and CLO VI are collectively the "CLOs"). These events and transactions are hereafter referred to as the "Deconsolidation". The Company continues to hold approximately 47% of the subordinated notes of CLO III and 100% of the junior subordinated notes of CLO IV and CLO V and accounts for its ownership of these subordinated notes as an investment in a debt security and classifies them as available-for-sale securities. Refer to the Annual Report for more information on the Deconsolidation.

3. Recent Accounting Pronouncements

Accounting Standards to be adopted in Future Periods

In June 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (CECL)*, with subsequent amendments to clarify the guidance, provide transitional relief provisions and minor updates to the original ASU. ASU 206-13 replaces the existing 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 ASU is required to be adopted using a modified retrospective approach with a cumulative-effect adjustment to beginning retained earnings, as of the beginning of the first reporting period the guidance is effective for. As a result of one of the amendments to ASU 2016-13, the new guidance will be effective for public business entities that meet the definition of a smaller reporting company for fiscal years and all interim periods within those fiscal years, beginning after December 15, 2022, with early adoption permitted. The Company does not plan to early adopt this standard, but continues to work through implementation. While the Company cannot reasonably estimate the impact of adopting this standard, it expects the impact will be influenced by the composition, characteristics and quality of the Company's securities portfolios, as well as the general economic conditions and forecasts as of the adoption date.

In December 2019, the FASB issued ASU 2019-12, *Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes*, to simplify the accounting for income taxes. This guidance eliminates certain exceptions to the general approach to the income tax accounting model, and adds new guidance to reduce the complexity in accounting for income taxes. This guidance is effective for annual periods beginning after December 15, 2020, including interim periods within those annual periods. The Company is currently evaluating the impact of the adoption of this standard and its impact on the Company's disclosures.

Recently Adopted Accounting Guidance

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. ASU 2018-13 eliminates, adds and modifies certain disclosure requirements for fair value measurements as part of the FASB's disclosure framework project. The Company adopted ASU 2018-13 effective January 1, 2020. The adoption did not materially impact the Company's consolidated financial statements or its disclosures.

4. Fair Value Measurements

The following tables provide fair value information related to the Company's financial instruments at June 30, 2020 and December 31, 2019:

	June 30, 2020				
(In thousands)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 47,219	$ 47,219	$ -	$ -	$ 47,219
Restricted cash	1,287	1,287	-	-	1,287
Marketable securities owned	60,064	9,043	-	51,021	60,064
Equity Investments	3,712	-	-	3,712	3,712
Investments in private equity, real estate and credit funds, measured at net asset value (1)	10,957	-	-	-	-
Loans held for sale	2,412	-	-	2,412	2,412
Loans held for investment, net of allowance for loan losses	1,147	-	-	1,147	1,147
Total assets:	$ 126,798	$ 57,549	$ -	$ 58,292	$ 115,841
Liabilities:					
Marketable securities sold, but not yet purchased	$ 2,417	$ 2,417	$ -	$ -	$ 2,417
Notes payable	10,610	-	5,983	4,627	10,610
Bond payable	80,720	-	66,300	-	66,300
Total liabilities:	$ 93,747	$ 2,417	$ 72,283	$ 4,627	$ 79,326

	December 31, 2019				
(In thousands)	Carrying Value	Fair Value			
		Level 1	Level 2	Level 3	Total
Assets:					
Cash and cash equivalents	$ 49,630	$ 49,630	$ -	$ -	$ 49,630
Restricted cash	1,287	1,287	-	-	1,287
Marketable securities owned	73,101	15,245	-	57,856	73,101
Equity Investments	3,956	-	-	3,956	3,956.00
Investments in private equity, real estate and credit funds, measured at net asset value (1)	10,250	-	-	-	-
Loans held for sale	2,412	-	-	2,476	2,476
Loans held for investment, net of allowance for loan losses	1,210	-	-	1,087	1,087
Total assets:	$ 141,846	$ 66,162	$ -	$ 65,375	$ 131,537
Liabilities:					
Marketable securities sold, but not yet purchased	$ 3,855	$ 3,855	$ -	$ -	$ 3,855
Notes payable	6,812	-	5,983	829	6,812
Bond payable	82,584	-	84,821	-	84,821
Total liabilities:	$ 93,251	$ 3,855	$ 90,804	$ 829	$ 95,488

(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 carrying value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the Consolidated Statements of Financial Position. The carrying values of these lines reconciles to the parenthetical disclosure of other investments on the Statements of Financial Condition.

The Company determined the fair value of the notes payable identified as a Level 2 liability to approximate its carrying value. This was determined as the debt has a variable interest rate tied to LIBOR and therefore reflects market conditions. The fair value of the notes payable identified as Level 3 liabilities was determined using the discounted cash flow model.

The fair value of loans held for investment identified as Level 3 assets are determined using the discounted cash flow model using the treasury rate, loan interest rate, and an internally generated risk rate.

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, 2020 and December 31, 2019:

(In thousands)	June 30, 2020				
	Carrying Value	Level 1	Level 2	Level 3	Total
Marketable securities owned	$ 60,064	$ 9,043	$ -	$ 51,021	$ 60,064
Other investments:					
Equity investments	3,712	-	-	3,712	3,712
Investments in private equity, real estate and credit funds (1)	10,957	-	-	-	-
Total other investments	14,669	-	-	3,712	3,712
Total assets:	$ 74,733	$ 9,043	$ -	$ 54,733	$ 63,776
Marketable securities sold, but not yet purchased	2,417	2,417	-	-	2,417
Total liabilities:	$ 2,417	$ 2,417	$ -	$ -	$ 2,417

(In thousands)	December 31, 2019				
	Carrying Value	Level 1	Level 2	Level 3	Total
Marketable securities owned	$ 73,101	$ 15,245	$ -	$ 57,856	$ 73,101
Other investments:					
Equity investments	3,956	-	-	3,956	3,956
Investments in private equity, real estate and credit funds (1)	10,250	-	-	-	-
Total other investments	14,206	-	-	3,956	3,956
Total assets:	$ 87,307	$ 15,245	$ -	$ 61,812	$ 77,057
Marketable securities sold, but not yet purchased	3,855	3,855	-	-	3,855
Total liabilities:	$ 3,855	$ 3,855	$ -	$ -	$ 3,855

(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. The carrying values of these lines reconciles to the parenthetical disclosure of other investments on the Consolidated Statements of Financial Condition.

As of June 30, 2020 and December 31, 2019, marketable securities sold but not yet purchased were primarily comprised of U.S. listed securities. As of June 30, 2020 and December 31, 2019, marketable securities was comprised of U.S. listed equity securities and CLO debt securities.

The fair value of the investments in private equity, real estate and credit funds was measured using the net asset value as a practical expedient. These investments are nonredeemable and had unfunded commitments of $3.6 million and $3.8 million as of June 30, 2020 and December 31, 2019 respectively.

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 policy is to recognize the fair value of transfers among Levels 1, 2 and 3 as of the end of the reporting period. For recurring fair value measurements, there were no transfers between Levels 1, 2 and 3 for the six months ended June 30, 2020 and the year ended December 31, 2019.

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’s Level 3 asset in other investments is primarily comprised of an equity investment in a private company. The Company determines the fair value of this investment using the net present value of discounted cash flows. The significant unobservable inputs used in the fair value measurement of this investment are presented in the Significant Unobservable Inputs table below. For this investment, the Company elected the fair value option. While the Company has made other investments in private equity securities, it has not elected the fair value option for those investments as it is impractical to determine the fair value of those investments.

For the six months ended June 30, 2020, the changes in Level 3 assets measured at fair value on a recurring basis were as follows:

(In thousands)	CLO Junior Subordinated Notes	Equity Investment	Total
Balance as of December 31, 2019	$ 57,856	$ 3,956	$ 61,812
Accrued interest	2,176	-	2,176
Investment distributions	(2,040)	-	(2,040)
Unrealized gains on investments, recognized in OCI	1,751	-	1,751
Unrealized losses on investments, recognized in earnings	(13,523)	(689)	(14,212)
Balance as of March 31, 2020	$ 46,220	$ 3,267	$ 49,487
Accrued interest	1,720	N/A	1,720
Unrealized gains on investments, recognized in OCI	4,094	N/A	4,094
Unrealized losses on investments, recognized in earnings	(1,013)	444	(569)
Balance as of June 30, 2020	$ 51,021	$ 3,711	$ 54,732

The Company’s Level 3 assets held in marketable securities consist of investments in CLO debt securities. The fair value of the CLO debt securities is determined using the net present value of discounted cash flows. The significant unobservable inputs used in the fair value measurement of these investments are presented in the Significant Unobservable Inputs table below. The Company also uses covenant compliance information provided by the CLO manager when valuing this investment. During the six months ended June 30, 2020, the fair value of the Company’s investment in CLO debt securities declined due to a decrease in the expected future cash flows from CLO debt securities, primarily due to an increase in estimated credit losses in the CLO portfolios.

For assets classified in the Level 3 hierarchy, any changes to any of the inputs to the fair value measurement could result in a significant increase or decrease in the fair value measurement. For CLO debt securities, a significant increase (decrease) in the discount rate, default rate, and severity rate would result in a significant decrease (increase) in the fair value of the instruments. For the equity investment, a significant increase (decrease) in the credit factor or the discount rate would result in a significantly lower (higher) fair value measurement. For Level 3 assets measured at fair value on a recurring basis as of June 30, 2020 and December 31, 2019, the significant unobservable inputs used in the fair value measurements were as follows:

(In thousands)		Significant Unobservable Inputs Range (Weighted-average (1))			Fair value	
	Valuation Technique	Description	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
CLO debt securities	Discounted cash flows	Discount rate	17.5% (N/A)	17.5% (N/A)	$ 51,021	$ 57,856
		Default rate	2.0%-4.0% (2.8%)	2.0% (N/A)		
		Severity rate	30.0% (N/A)	25.0% (N/A)		
		Prepayment rate	10.0%-25.0% (15.1%)	25.0% (N/A)		
		Collateral liquidation price	98.0%-99.0% (98.7%)	98.0%-99.0% (98.7%)		
Equity investment	Discounted cash flows	Credit factor	20% (N/A)	20% (N/A)	$ 3,354	$ 3,550
		Discount rate	16.5% (N/A)	17.7% (N/A)		

(1) The weighted average was calculated based on the relative collateral balance of each CLO.

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. The Company held a loan measured at fair value on a non-recurring basis of $2.4 million as of June 30, 2020 and December 31, 2019.

5. Available-for-Sale Securities

The following table summarizes available-for-sale securities, which have been included in marketable securities on the Consolidated Statements of Financial Condition, in an unrealized position as of June 30, 2020 and December 31, 2019:

	June 30, 2020					December 31, 2019				
(In thousands)	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Number of positions	Amortized cost	Gross unrealized gains	Gross unrealized losses	Fair value	Number of positions
CLO debt securities	$ 51,697	$ -	$ (676)	$ 51,021	3	$ 64,377	$ -	$ (6,521)	$ 57,856	3

The following table summarizes the fair value and amortized cost of the available-for-sale securities by contractual maturity as of June 30, 2020 and December 31, 2019:

(In thousands)	June 30, 2020 Available-for-sale		December 31, 2019 Available-for-sale	
	Amortized cost	Fair value	Amortized cost	Fair value
5-10 years	$ 30,166	28,360	$ 38,451	33,877
10+ years	21,531	22,661	25,926	23,979
Total	$ 51,697	$ 51,021	$ 64,377	$ 57,856

6. Loans

Loans collateralizing Asset-Backed Securities issued (through March 2019)

During the period ending March 31, 2019, the Company deconsolidated its investments in the CLOs and as a result, no longer has loans collateralizing ABS on its Consolidated Statements of Financial Condition. See Note 1 for additional information on deconsolidation. A summary of the activity in the allowance for loan losses for the three and six months ended June 30, 2019 is as follows:

(In thousands)	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Impaired	Non-Impaired	Impaired	Non-Impaired
Balance, at beginning of period	$ -	$ -	$ (836)	$ (9,751)
Provision for loan losses:				
Specific reserve	-	-	-	-
General reserve	-	-	-	-
Charge off	-	-	181	-
Derecognition due to deconsolidation	-	-	655	9,751
Balance, at end of period	$ -	$ -	$ -	$ -

Loans Held for Investment

As of June 30, 2020 and December 31, 2019, the number of loans held for investment was four. The Company reviews the credit quality of these loans 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.

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.

There were no loans impaired, past due or on non-accrual status as of June 30, 2020 and December 31, 2019. There was no loan losses during the three and six months ended June 30, 2020. A summary of the activity in loan losses for the three and six months ended June 30, 2019 is as follows:

(in thousands)	Three Months Ended June 30, 2019		Six Months Ended June 30, 2019	
	Impaired	Non-impaired	Impaired	Non-impaired
Balance, at beginning of the period	$ -	$ -	$ (836)	$ (9,751)
Provision for loan losses				
Specific	-	-	-	-
General	-	-	-	-
Charge off	-	-	181	-
Derecognition due to deconsolidation	-	-	655	9,751
Balance, at end of the period	$ -	$ -	$ -	$ -

7. Debt

Bond Payable

(In thousands)	June 30, 2020	December 31, 2019
7.25% Senior Notes due 2027	$ 50,000	$ 50,000
6.875% Senior Notes due 2029	36,000	36,000
Total outstanding principal	$ 86,000	$ 86,000
Less: Debt issuance costs	(3,145)	(3,416)
Less: Consolidation elimination	(2,135)	-
Total bond payable, net	$ 80,720	$ 82,584

On September 26, 2019, the Company issued $36.0 million of 6.875% senior notes (the "2019 Senior Notes"). The 2019 Senior Notes will mature on September 30, 2029, may be redeemable in whole or in part at any time or from time to time at JMP Group LLC's option on or after September 30, 2021, at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The notes bear interest at a rate of 6.875% per year, payable quarterly on March 30, June 30, September 30, and December 30 of each year, and commencing on December 30, 2019.

On September 27, 2019, the Company announced JMP Group Inc.'s intention to redeem the JMP Group Inc. outstanding $25.0 million principal amount of 8.00% senior notes (the "2013 Senior Notes") on October 28, 2019. The Company opted to pay the principal and contractually owed interest to the trustee, U.S. Bank National Association, in order to satisfy and discharge the debt as of September 27, 2019. On September 27, 2019, the Company deposited sufficient funds with the trustee to satisfy and discharge the 2013 Senior Notes and the trustee acknowledged such satisfaction and discharge. In connection with the redemption, the Company recorded losses on early retirement of debt related to unamortized bond issuance costs of $0.5 million and recognized an additional $0.2 million of interest expense on the accelerated repayment during the year ended December 31, 2019. On July 18, 2019, JMP Group Inc. redeemed $11.0 million principal amount of its issued and outstanding 2013 Senior Notes due 2023. The redemption price was $25 per unit plus accrued and unpaid interest.

The 7.25% senior notes due 2027 (the "2017 Senior Notes") and the 2019 Senior Notes (collectively with the 2017 Senior Notes the "Senior Notes") were issued by JMP Group Inc. and JMP Group LLC, respectively, pursuant to indentures with U.S. Bank National Association, as trustee. The Senior Notes indentures contain 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 JMP Group Inc.'s and JMP Group LLC's general unsecured senior obligations, and rank equally with all existing and future senior unsecured indebtedness and are senior to any other indebtedness expressly made subordinate to the notes. At both June 30, 2020 and December 31, 2019, the Company was in compliance with the debt covenants in the indentures.

In March 2020, the Company repurchased $1.4 million and $0.7 million par value of its issued and outstanding 2019 Senior Notes and 2017 Senior Notes, respectively. Since they were repurchased at less than carrying value, a gain of $0.7 million was recognized upon the repurchase of the bonds, which has been included in the Consolidated Statements of Operations, gain on repurchase, reissuance or early retirement of debt.

The future scheduled principal payments of the bond payable as of June 30, 2020 were as follows:

(In thousands)	
2020	$ -
2021	-
2021	-
2022	-
2023	-
Thereafter	86,000
Total	$ 86,000

Note Payable, Lines of Credit and Credit Facilities

(In thousands)	Outstanding Balance	
	June 30, 2020	December 31, 2019
$25 million, JMP Holding credit agreement through December 31, 2020	$ 5,983	$ 5,983
Paycheck Protection Program (the "PPP") loan	3,798	-
Note payable to an affiliate (Note 18)	829	829
Total note payable, lines of credit, and credit facilities	$ 10,610	$ 6,812

The Company's Credit Agreement (the "Credit Agreement") dated as of April 30, 2014, was entered by and between JMP Holding LLC ("JMP Holding") and City National Bank ("CNB"). 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. The Credit Agreement has been amended throughout its life to make various updates, clarifications and conforming changes to reflect the corporate structure and business changes of the Company since the Credit Agreements execution. The Credit Agreement provides a $25.0 million revolving line of credit (the "Revolver") through December 31, 2020. On such date, if the revolving period has not been previously extended, any outstanding amounts under the Revolver would convert to a term loan (the "Converted Term Loan"). The Converted Term Loan must be repaid in 12 quarterly installments commencing on January 1, 2021, with each of the first six installments being equal to 3.75% of the principal amount of the Converted Term Loan and each of the next six installments being equal to 5.0% of the principal amount of the Converted Term Loan. A final payment of all remaining principal and interest due under the Converted Term Loan must be made at the earlier of: (a) December 31, 2023; or (b) if certain liquidity requirements are not satisfied by the Company, the date that is last day of the fiscal quarter ending most recently (but no less than 60 days) prior to the earliest maturity date of any senior unsecured notes issued by JMP Group Inc. or JMP Group LLC then outstanding. The Revolver bears interest at a rate of LIBOR plus 225 bps and the Company's outstanding balance on the Credit Agreement was $6.0 million as of June 30, 2020 and December 31, 2019, respectively. As of June 30, 2020, the Company had letters of credit outstanding under the Revolver supporting office lease obligations of approximately $1.1 million in the aggregate.

The Credit Agreement provides that the Revolver may be used, on a revolving basis, to fund specified permitted investments in collateralized loan obligation vehicles. In addition, up to $5.0 million of the Revolver may be used, on a revolving basis, to fund other types of permitted investments and acquisitions and for working capital. 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. 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 three or more of the members of the Company’s executive committee fail to be involved actively on an ongoing basis in the management of the Company or any of its subsidiaries. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate our Revolver or Converted Term Loan and require the immediate repayment of any outstanding principal and interest. In addition, the Company's subsidiaries are restricted under the Credit Agreement under certain circumstances from making distributions to the Company if an event of default has occurred under the Credit Agreement. As of June 30, 2020 and December 31, 2019, the Company was in compliance with the loan covenants.

JMP Holding's obligations under the Credit Agreement are guaranteed by all of its wholly owned subsidiaries (other than JMP Securities and certain dormant subsidiaries) and are secured by substantially all of its and the guarantors' assets. In addition, the Company has entered into a limited recourse pledge agreement whereby the Company has granted a lien on all of our equity interests in JMP Investment Holdings and JMPAM to secure JMP Holding's obligations under the Credit Agreement.

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 accrues an unused fee at the rate of 0.25% per annum, payable monthly. On June 30, 2021, any outstanding amount under the line will convert to a term loan maturing the following year. There was no borrowing on this line of credit as of June 30, 2020 or December 31, 2019. The line of credit bears interest at a rate to be agreed upon at the time of advance between the Company and CNB.

On April 17, 2020, JMP Securities entered into a promissory note (the “Loan”) with City National Bank as the lender (the “Lender”), pursuant to which the Lender agreed to make a loan to the Company under the Paycheck Protection Program (the "PPP") offered by the U.S. Small Business Administration (the “SBA”) in a principal amount of $3,797,900 pursuant to Title 1 of the Coronavirus Aid, Relief and Economic Security Act.

The proceeds of the Loan are available to be used to pay for payroll costs, rent and other eligible costs. The Loan amount may be forgiven in part or in full by the Lender under the direction of the SBA so long as the requirements of the PPP for forgiveness are satisfied. The Company will continue to monitor the requirements for forgiveness and track costs to ensure the Loan is forgiven in full.

The Loan bears interest at the rate of 1% per annum. To the extent that amounts owed under the Loan, or a portion of them, are not forgiven, the Company will be required to make principal and interest payments. No payments are required until the date the SBA makes a determination on the amount of loan forgiveness. The Loan matures in two years.

The Loan includes events of default. Upon the occurrence of an event of default, the Lender will have the right to exercise remedies against the Company, including the right to require immediate payment of all amounts due under the Loan.

8. Other Assets and Other Liabilities

At June 30, 2020 and December 31, 2019, other assets and other liabilities consisted of the following:

(In thousands)

	June 30, 2020	December 31, 2019
Accounts receivable	$ 4,081	$ 7,053
Prepaid expenses	12,435	5,152
Deferred tax asset	20,357	21,406
Loans held for sale	2,412	2,412
Other assets	219	230
Total other assets	$ 39,504	$ 36,253

Loans held for sale are carried at the lower of cost or fair value less cost to sell and have been included in other assets in the Consolidated Statement of Financial Condition.

(In thousands)

	June 30, 2020	December 31, 2019
Accounts payable & accrued liabilities	$ 4,713	$ 5,015
Deferred compensation liabilities	3,701	2,517
Deferred tax liability	8,292	8,645
Other liabilities	353	3,301
Total other liabilities	$ 17,059	$ 19,478

9. Shareholders’ Equity

Self-Tender Offers

On May 13, 2019, the Company launched a self-tender offer (the “2019 Tender Offer”) to repurchase for cash up to 3,000,000 shares representing limited liability interests of the Company, or approximately 14.2% of the Company’s outstanding common shares. The 2019 Tender Offer expired on June

13, 2019. The 2019 Tender Offer resulted in the Company's repurchase of 1,816,732 shares at a purchase price of $3.95 per share for a total purchase price of $7.2 million, excluding fees and expenses related to the 2019 Tender Offer.

On February 24, 2020, the Company launched a second tender offer (the "2020 Tender Offer") to repurchase for cash up to 3,000,000 shares representing limited liability company interests in the Company. The 2020 Tender Offer was terminated on March 19, 2020 as a result of multiple conditions to the 2020 Tender Offer, including share price and market index conditions, not having been satisfied.

On February 19, 2020, the Company suspended its quarterly cash distributions program on outstanding shares.

10. Share-Based Compensation

On January 27, 2015, the board of directors adopted the JMP Group LLC Amended and Restated Equity Incentive Plan ("JMP Group Plan"). The plan maintains authorization of the issuance of 4,000,000 shares, as originally approved by shareholders on April 12, 2007 and subsequently approved by shareholders on June 6, 2011. This amount is increased by any shares the Company purchases on the open market, or through any share repurchase or share exchange program, initiated by the Company unless the board of directors or its appointee determines otherwise. 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, 2020:

	Six Months Ended June 30, 2020	
	Shares Subject to Option	**Weighted Average Exercise Price**
Balance, beginning of year	-	$ -
Granted	2,400,000	3.04
Forfeited	(400,000)	3.04
Balance, end of period	2,000,000	$ 3.04
Options exercisable at end of period	-	$ -

The following table summarizes the share options outstanding as well as share options vested and exercisable as of June 30, 2020:

	June 30, 2020							
	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**
$3.04	2,000,000	4.61	$ 3.04	$ -	-	-	$ -	$ -

The Company recognizes share-based compensation expense, net of estimated forfeitures, for share options 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.

As of June 30, 2020, there was $0.9 million in unrecognized compensation expense related to share options.

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

Restricted Share Units

The following table summarizes RSU activity for the six months ended June 30, 2020:

	Six Months Ended June 30, 2020	
	Restricted Share Units	**Weighted Average Grant Date Fair Value**
Balance, beginning of year	387,006	$ 3.97
Granted	198,682	2.99
Vested	(100,631)	3.71
Forfeited	(3,894)	4.43
Balance, end of period	481,163	$ 3.62

The Company recognizes compensation expense, net of estimated forfeitures, 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.

As of June 30, 2020, there was $0.7 million of unrecognized compensation expense related to RSUs expected to be recognized over a weighted average period of 1.42 years.

The Company pays cash distribution equivalents on certain RSUs upon vesting. Distribution equivalents paid on RSUs are generally charged to retained earnings. The Company accounts for the tax benefit related to distribution equivalents paid on RSUs as an increase in additional paid-in capital.

11. Net Income 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 six months ended June 30, 2020 and 2019 are shown in the tables below:

(In thousands, except per share data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
Numerator:				
Net income (loss) attributable to JMP Group LLC	$ 1,124	$ (1,112)	$ (10,624)	$ 3,957
Denominator:				
Basic weighted average shares outstanding	19,582	20,772	19,557	21,028
Effect of potential dilutive securities:				
Restricted share units	162	-	-	123
Diluted weighted average shares outstanding	19,744	20,772	19,557	21,151
Net income (loss) per share				
Basic	$ 0.06	$ (0.05)	$ (0.54)	$ 0.19
Diluted	$ 0.06	$ (0.05)	$ (0.54)	$ 0.19

Due to the net loss for the six months ended June 30, 2020, and three months ended June 30, 2019, all of the share options and restricted share units outstanding during those periods were anti-dilutive and, therefore, were not included in the computation of diluted weighted-average common shares outstanding. Additionally, the share options were considered out-of-the-money during the three months ended June 30, 2020, and the six months ended June 30, 2019, and therefore, were not included in the computation of diluted weighted-average common shares outstanding.

12. Revenue from contracts with customers

The following tables represent the Company's total revenues from contracts with customers, disaggregated by major business activity, for the three and six months ended June 30, 2020 and June 30, 2019, respectively.

(in thousands) — **Three Months Ended June 30, 2020**

	Broker - Dealer	**Asset Management**		**Total Asset Management**	**Corporate Costs**	**Eliminations**	**Total**
		Asset Management Fee Income	**Investment Income**				
Total revenues from contracts with customers							
Equity and debt origination	$ 14,569	$ -	$ -	$ -	$ -	$ -	$ 14,569
Strategic advisory and private placements	7,026	-	-	-	-	-	7,026
Total investment banking revenues	21,595	-	-	-	-	-	21,595
Commissions	3,996	-	-	-	-	-	3,996
Research payments	1,387	-	-	-	-	-	1,387
Net trading losses	262	-	-	-	-	-	262
Total brokerage revenues	5,645	-	-	-	-	-	5,645
Base management fees	-	1,682	-	1,682	-	(25)	1,657
Incentive management fees	-	56	-	56	-	-	56
Total asset management fees	-	1,737	-	1,737	-	(25)	1,712
Total revenues from contracts with customers	$ 27,240	$ 1,737	$ -	$ 1,737	$ -	$ (25)	$ 28,952

(in thousands) — **Three Months Ended June 30, 2019**

	Broker - Dealer	**Asset Management**		**Total Asset Management**	**Corporate Costs**	**Eliminations**	**Total**
		Asset Management Fee Income	**Investment Income**				
Total revenues from contracts with customers							
Equity and debt origination	$ 12,328	$ -	$ -	$ -	$ -	$ -	$ 12,328
Strategic advisory and private placements	5,408	-	-	-	-	-	5,408
Total investment banking revenues	17,736	-	-	-	-	-	17,736
Commissions	3,063	-	-	-	-	-	3,063
Research payments	1,655	-	-	-	-	-	1,655
Net trading losses	(61)	-	-	-	-	-	(61)
Total brokerage revenues	4,657	-	-	-	-	-	4,657
Base management fees	-	1,533	-	1,533	-	(25)	1,508
Incentive management fees	-	846	-	846	-	-	846
Total asset management fees	-	2,379	-	2,379	-	(25)	2,354
Total revenues from contracts with customers	$ 22,393	$ 2,379	$ -	$ 2,379	$ -	$ (25)	$ 24,747

(in thousands) — **Six Months Ended June 30, 2020**

	Broker - Dealer	**Asset Management**		**Total Asset Management**	**Corporate Costs**	**Eliminations**	**Total**
		Asset Management Fee Income	**Investment Income**				
Total revenues from contracts with customers							
Equity and debt origination	$ 23,125	$ -	$ -	$ -	$ -	$ -	$ 23,125
Strategic advisory and private placements	13,095	-	-	-	-	-	13,095
Total investment banking revenues	36,220	-	-	-	-	-	36,220
Commissions	7,714	-	-	-	-	-	7,714
Research payments	2,628	-	-	-	-	-	2,628
Net trading losses	(511)	-	-	-	-	-	(511)
Total brokerage revenues	9,832	-	-	-	-	-	9,832
Base management fees	-	3,409	-	3,409	-	(50)	3,359
Incentive management fees	-	330	(261)	69	-	-	69
Total asset management fees	-	3,739	(261)	3,478	-	(50)	3,428
Total revenues from contracts with customers	$ 46,052	$ 3,739	$ (261)	3,478	$ -	$ (50)	$ 49,479

(in thousands) — **Six Months Ended June 30, 2019**

	Broker - Dealer	**Asset Management**		**Total Asset Management**	**Corporate Costs**	**Eliminations**	**Total**

		Asset Management Fee Income	Investment Income				
Total revenues from contracts with customers							
Equity and debt origination	$ 19,117	$ -	$ -	$ -	$ -	$ -	$ 19,117
Strategic advisory and private placements	10,498	-	-	-	-	-	10,498
Total investment banking revenues	29,615	-	-	-	-	-	29,615
Commissions	6,362	-	-	-	-	-	6,362
Research payments	2,864	-	-	-	-	-	2,864
Net trading losses	(34)	-	-	-	-	-	(34)
Total brokerage revenues	9,192	-	-	-	-	-	9,192
Base management fees	-	4,237	-	4,237	-	(1,032)	3,205
Incentive management fees	-	588	264	852	-		852
Total asset management fees	-	4,825	264	5,089	-	(1,032)	4,057
Total revenues from contracts with customers	$ 38,807	$ 4,825	$ 264	$ 5,089	$ -	$ (1,032)	$ 42,864

13. Income Taxes

JMP Group LLC's election to be taxed as a corporation for United States federal income tax purposes was approved by the Internal Revenue Service with an effective date of January 1, 2019. Taxable income derived from the investment activities of its previously untaxed pass-through entities will now be taxed at a U.S. federal and state corporate rate, along with the Company's corporate subsidiaries.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act (the "CARES Act") was enacted in response to market conditions related to the coronavirus ("COVID-19") pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act. One provision of the CARES Act increases the tax deduction for net operating losses from 80% to 100% for 2018 through 2020 and allows net operating losses generated in 2018 through 2020 to be carried back up to five years. The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

For the three months ended June 30, 2020 and 2019, the Company recorded income tax expense of $0.1 million and tax benefit $0.5 million, respectively. The effective tax rates were 13.8% and 30.2% for the three months ended June 30, 2020 and 2019, respectively. For the six months ended June 30, 2020 and 2019, the Company recorded income tax benefit of $7.1 million and $4.6 million, respectively. The effective tax rate is 39.7% and 684.3% for the six months ended June 30, 2020 and 2019, 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. For the three and six months ended June 30, 2020, the Company's effective tax rate differs from the statutory rate primarily due to the net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate, as permitted by the CARES Act.

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.

14. Commitments and Contingencies

In connection with its underwriting activities, JMP Securities may, from time to time, enter 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. JMP Securities had no open underwriting commitments at both June 30, 2020 and December 31, 2019.

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, 2020 and December 31, 2019. 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 no material unfunded commitments to lend at both June 30, 2020 and December 31, 2019.

15. 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 $10.6 million and $16.9 million, which were $9.5 million and $15.5 million in excess of the required net capital of $1.1 million and $1.4 million at June 30, 2020 and December 31, 2019 respectively. JMP Securities' ratio of aggregate indebtedness to net capital was 1.57 to 1 and 1.25 to 1 at June 30, 2020 and December 31, 2019, 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.

16. 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 some of such affiliated entities. As of June 30, 2020 and December 31, 2019, the aggregate fair value of the Company's investments in the affiliated entities for which the Company serves as the investment advisor was $13.5 million and $17.3 million, respectively, which consisted of investments in hedge and other private funds of $9.4 million and $8.6 million, for the periods, respectively and an investment in HCC common stock of $4.1 million and $8.7 million for the periods, respectively. Base management fees earned from these affiliated entities were $1.7 million and $1.5 million the three months ended June 30, 2020 and 2019, respectively and were $3.4 million and $3.3 million for the six months ended June 30, 2020 and 2019.

On September 19, 2017, the Company made a loan to a registered investment adviser of $3.4 million at an interest rate of 15% per year. In October 2017, the Company sold 30% of the loan, or $1.0 million, to an affiliate. As of both June 30, 2020 and December 31, 2019, the Company's portion of the outstanding loan balance to this entity was $2.4 million.

On January 9, 2018, an affiliate purchased a $0.8 million note from the Company. As of June 30, 2020, the carrying value of note payable was $0.8 million. The note bears interest at a rate of 12.5% per annum and matures November 20, 2022.

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 establishes 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 Company may enter into margin transactions in its principal trading accounts held at the clearing broker. Such margin transactions are collateralized by the Company’s cash and securities held in those accounts. The clearing broker has the right to pledge or hypothecate such collateralized assets under the margin transaction agreement. The receivable from the clearing broker includes commissions receivable related to security transactions of customers and 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 these other parties do not fulfill their obligations in the course of business dealings, 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.

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, 2020 and December 31, 2019 have subsequently settled with no resulting material liability to the Company. For the six months ended June 30, 2020 and 2019, the Company had no material loss due to counterparty failure, and had no obligations outstanding under the indemnification arrangement as of June 30, 2020 or December 31, 2019.

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.

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. In addition, the Company had unfunded commitments to lend to a borrower. See Note 16 for description of the Company’s unfunded commitments to lend as of June 30, 2020 and December 31, 2019.

19. Business Segments

The Company’s business results are categorized into the following four business segments: Broker-Dealer, Asset Management Fee Income, Investment Income, and Corporate costs. 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 Fee Income 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 (through June 30, 2019). The Investment income 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, and interest expense related to the Company's bond issuance. The Corporate Costs segment also includes expenses related to JMP Group LLC, JMP Holding LLC and JMP Group Inc., and is mainly comprised of corporate overhead expenses.

Management uses operating net income, a Non-GAAP financial measure, as a key metric when evaluating the performance of the Company's core business strategy and ongoing operations. This measure adjusts the Company’s net income as follows: (i) reverses compensation expense recognized under GAAP related to equity awards, (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 CLO III prior to March 31, 2019; (iv) unrealized gains or losses on commercial real estate investments, adjusted for non-cash expenditures, including depreciation and amortization; (v) reverses net unrealized gains and losses on strategic equity investments and warrants; (vi) reverses the impairment of CLO debt securities recognized in principal transactions, (vii) reverses one-time transaction costs related to the refinancing or repurchase of debt; (viii) a combined federal, state and local income tax rate of 26% at the consolidated taxable parent company, JMP Group LLC; and (ix) presents revenues and expenses on a basis that deconsolidates the CLOs (through March 31, 2019) and removes any non-controlling interest in consolidated but less than wholly owned subsidiaries. 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 six months ended June 30, 2020 and 2019 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.
- Investment Income segment assets are presented net of an intercompany loan.

Segment Operating Results

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

	Three Months Ended June 30, 2020									
(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments		Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management						
Revenues										
Investment banking	$ 21,595	$ -	$ -	$ -	$ -	$ -	$ 21,595	$ -		$ 21,595
Brokerage	5,645	-	-	-	-	-	5,645	-		5,645
Asset management related fees	7	1,941	379	2,320	-	(42)	2,285	(573)	(a)	1,712
Principal transactions	458	-	1,809	1,809	-	-	2,267	(2,315)	(b)	(48)
Net dividend income	-	-	49	49	-	-	49	(39)	(c)	10
Other income	-	-	-	-	-	-	-	912	(a)	912
Net interest income	-	-	192	192	-	-	192	(25)	(c)	167
Gain on repurchase, reissuance or early retirement of debt	-	-	-	-	-	-	-	-	(d)	-
Total net revenues	27,705	1,941	2,429	4,370	-	(42)	32,033	(2,040)		29,993
Non-interest expenses										
Non-interest expenses	24,045	2,144	303	2,447	2,082	(42)	28,532	187	(e)	28,719
Operating income (loss) before taxes	3,660	(203)	2,126	1,923	(2,082)	-	3,501	(2,227)		1,274
Income tax expense (benefit)	951	(53)	553	500	(541)	-	910	(734)	(f)	176
Net loss attributable to non-controlling interest	-	-	-	-	-	-	-	(26)	(a), (c), (e)	(26)
Operating net income (loss)	$ 2,709	$ (150)	$ 1,573	$ 1,423	$ (1,541)	$ -	$ 2,591	$ (1,467)	(g)	$ 1,124
Segment assets	$ 49,796	$ 10,637	$ 76,462	$ 87,098	$ 229,133	$ (159,144)	$ 206,883	$ -		$ 206,883

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.

(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.

(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.

(d) Total segment gain/(loss) repurchase/early retirement of debt excludes losses on write offs of debt issuance costs related to early retirement or repurchase of debt.

(e) Total segment non-interest expenses exclude compensation expense recognized under GAAP related to equity awards and expenses attributable to non-controlling interests.

(f) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.

(g) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

(In thousands)	Three Months Ended June 30, 2019								
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
		Asset Management Fee Income	Investment Income	Total Asset Management					
Revenues									
Investment banking	$ 17,736	$ -	$ -	$ -	$ -	$ -	$ 17,736	$ -	$ 17,736
Brokerage	4,657	-	-	-	-	-	4,657	-	4,657
Asset management related fees	6	2,536	323	2,859	-	(34)	2,831	(477) (a)	2,354
Principal transactions	-	-	1,492	1,492	-	-	1,492	(69) (b)	1,423
Loss on sale, payoff, and mark-to-market of loans	-	-	(21)	(21)	-	-	(21)	-	(21)
Net dividend income	-	-	331	331	-	-	331	(38) (c)	293
Other income	-	-	-	-	-	-	-	793 (a)	793
Net interest income	-	-	816	816	-	-	816	17 (c)	833
									-
Total net revenues	22,399	2,536	2,941	5,477	-	(34)	27,842	226	28,068
Non-interest expenses									
Non-interest expenses	23,458	2,883	495	3,378	1,982	(34)	28,784	996 (d)	29,780
Operating income (loss) before taxes	(1,059)	(347)	2,446	2,099	(1,982)	-	(942)	(770)	(1,712)
Income tax expense (benefit)	(275)	(90)	635	545	(515)	-	(245)	(272) (e)	(517)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	(83) (a), (c), (d)	(83)
Operating net income (loss)	$ (784)	$ (257)	$ 1,811	$ 1,554	$ (1,467)	$ -	$ (697)	$ (415) (f)	$ (1,112)
Segment assets	$ 53,622	$ 11,424	$ 121,145	$ 132,569	$ 276,693	$ (226,911)	$ 235,973	$ -	$ 235,973

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.
(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.
(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.
(d) Total segment non-interest expenses exclude compensation expense recognized under GAAP related to equity awards, expenses attributable to non-controlling interests and amortization of an intangible asset related to CLO III prior to June 30, 2019.
(e) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.
(f) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

(In thousands)	Broker-Dealer	Asset Management Fee Income	Investment Income	Total Asset Management	Corporate Costs	Eliminations	Total Segments	Adjustments		Consolidated GAAP
	Six Months Ended June 30, 2020									
Revenues										
Investment banking	$ 36,220	$ -	$ -	$ -	$ -	$ -	$ 36,220	$ -		$ 36,220
Brokerage	9,832	-	-	-	-	-	9,832	-		9,832
Asset management related fees	159	3,844	712	4,556	-	(87)	4,628	(1,200)	(a)	3,428
Principal transactions	487	-	1,861	1,861	-	-	2,348	(19,948)	(b)	(17,600)
Net dividend income	-	-	305	305	-	-	305	(68)	(c)	237
Other income	-	-	-	-	-	-	-	1,847	(a)	1,847
Net interest income	-	-	650	650	-	-	650	(51)	(c)	599
Gain on repurchase, reissuance or early retirement of debt	-	-	786	786	-	-	786	(89)	(d)	697
Total net revenues	46,698	3,844	4,314	8,158	-	(87)	54,769	(19,509)		35,260
Non-interest expenses										
Non-interest expenses	43,246	4,506	454	4,960	3,874	(87)	51,993	1,071	(e)	53,064
Operating income (loss) before taxes	3,452	(662)	3,860	3,198	(3,874)	-	2,776	(20,580)		(17,804)
Income tax expense (benefit)	889	(173)	1,012	839	(1,007)	-	722	(7,785)	(f)	(7,063)
Net loss attributable to non-controlling interest	-	-	-	-	-	-	-	(117)	(a), (c), (e)	(117)
Operating net income (loss)	$ 2,563	$ (489)	$ 2,848	$ 2,359	$ (2,868)	$ -	$ 2,055	$ (12,912)	(g)	$ (10,624)
Segment assets	$ 49,796	$ 10,637	$ 76,462	$ 87,098	$ 229,133	$ (159,144)	$ 206,883	$ -		$ 206,883

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.
(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.
(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.
(d) Total segment gain/(loss) repurchase/early retirement of debt excludes losses on write offs of debt issuance costs related to early retirement or repurchase of debt.
(e) Total segment non-interest expenses exclude compensation expense recognized under GAAP related to equity awards and expenses attributable to non-controlling interests.
(f) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.
(g) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments	Adjustments	Consolidated GAAP
Six Months Ended June 30, 2019									
		Asset Management Fee Income	Investment Income	Total Asset Management					
Revenues									
Investment banking	$ 29,615	$ -	$ -	$ -	$ -	$ -	$ 29,615	$ -	$ 29,615
Brokerage	9,192	-	-	-	-	-	9,192	-	9,192
Asset management related fees	12	4,897	369	5,266	-	(1,048)	4,230	(173) (a)	4,057
Principal transactions	-	-	6,879	6,879	-	-	6,879	(168) (b)	6,711
Loss on sale, payoff, and mark-to-market of loans	-	-	-39	(39)	-	-	(39)	1 (c)	(38)
Net dividend income	-	-	666	666	-	-	666	(77) (a)	589
Other income	-	-	-	-	-	-	-	758 (c)	758
Net interest income	-	-	4,139	4,139	-	-	4,139	212 (d)	4,351
Total net revenues	38,819	4,897	12,014	16,911	-	(1,048)	54,682	553	55,235
Non-interest expenses									
Non-interest expenses	41,358	5,973	3,044	9,017	4,042	(1,048)	53,369	2,541 (e)	55,910
Operating income (loss) before taxes	(2,539)	(1,076)	8,970	7,894	(4,042)	-	1,313	(1,988)	(675)
Income tax expense (benefit)	(660)	(281)	2,332	2,051	(1,050)	-	341	(4,960) (f)	(4,619)
Net income attributable to non-controlling interest	-	-	-	-	-	-	-	(13) (a), (c), (e)	(13)
Operating net income (loss)	(1,879)	(795)	6,638	5,843	(2,992)	-	972	2,985 (g)	3,957
Segment assets	$ 53,622	$ 11,424	$ 121,145	$ 132,569	$ 276,693	$ (226,911)	$ 235,973	$ -	$ 235,973

(a) Total segment asset management-related fees include income from fee sharing arrangements with, and fees earned to raise capital for, third-party or equity-method investment partnerships or funds, which are reported as other income under GAAP. In addition, total segment asset management-related fees exclude base management fees and incentive fees attributable to non-controlling interests.

(b) Total segment principal transaction revenues exclude certain unrealized mark-to-market gains or losses, including those related to impairment of CLO debt securities and the Company's investment in Harvest Capital Credit Corporation, as well as unrealized losses derived from depreciation and amortization of real estate investment properties.

(c) Total segment net dividend income and net interest income exclude those attributable to non-controlling interests.

(d) Total segment non-interest expenses exclude compensation expense recognized under GAAP related to equity awards, expenses attributable to non-controlling interests and amortization of an intangible asset related to CLO III prior to June 30, 2019.

(e) Total segment income tax expense (benefit) assumes a combined federal, state and local income tax rate of 26%.

(f) Operating net income (loss) is reconciled to GAAP net income (loss) attributable to JMP Group LLC.

20. Nonconsolidated Variable Interest Entities

VIEs for which the Company is not the primary beneficiary consists of private equity funds, CLO investments, and other investments in which the Company has an equity ownership interest. The Company's maximum exposure to loss from its non-consolidated VIEs consists of equity investments and receivables as follows:

(In thousands)	As of							
	June 30, 2020				December 31, 2019			
	Financial Statement Carrying Amount		Maximum Exposure to Loss		Financial Statement Carrying Amount		Maximum Exposure to Loss	
	Assets	Liabilities		VIE Assets	Assets	Liabilities		VIE Assets
CLOs and CLO warehouse	$ 54,084	$ -	$ 54,084	$ 1,388,925	$ 73,266	$ -	$ 73,266	$ 1,439,442
Fund investments	10,951	259	14,538	367,126	10,396	207	14,196	346,206
Other investments	4,301	8	4,301	1,174,419	4,424	95	4,424	1,140,128
Total	$ 69,336	$ 267	$ 72,923	$ 2,930,470	$ 88,086	$ 302	$ 91,886	$ 2,925,776

21. Subsequent Events

On July 16, 2020, JMP Holding LLC (“JMP Holding”), a wholly owned subsidiary of JMP Group LLC, entered into an Amendment Number Seven to its existing 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”), with JMP Holding and its affiliates that are a party thereto as lenders and City National Bank (“CNB”), as administrative agent for the lenders, in order to, among other provisions, (i) allow the JMP Holding to incur liens of certain clearing agents in the ordinary course of business, (ii) reduce the margin applicable to LIBOR loans from 2.25% to 2.00% and (iii) require that the JMP Holding maintain a minimum of $6,000,000 of CLO debt securities pledged as collateral supporting the obligations under the Credit Agreement and refrain from exercising any right to call the related CLO entities or cause the liquidation of such CLO entities.

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 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, 2019 contained in our Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on March 30, 2020 (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. The Company makes 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 the Company believes 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, the Company presumes 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. The Company undertakes 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 services, including corporate finance, mergers and acquisitions and other strategic advisory services, to corporate clients;
- sales and trading and related securities brokerage services to institutional investors;
- equity research coverage of three 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 (through March 19, 2019) and a specialty finance company.

Impact of the COVID-19 Pandemic

Prior to the spread of the COVID-19 pandemic, we experienced growth trends in the first quarter of 2020, driven by investment banking momentum that continued from the fourth quarter of 2019, until the U.S. equities market saw sharp declines and extreme volatility in March 2020 in reaction to the COVID-19 pandemic.

Consequently, investment banking transactions expected to close in March were pushed out into the future, postponing revenues that otherwise would have been recognized in the first quarter. On the other hand, in the first quarter we experienced a material increase in our institutional equities business, as brokerage clients turned to us for insight into an extraordinarily challenging market environment. In the second quarter of 2020, unprecedented fiscal and monetary stimuli by the U.S. government spurred a sharp recovery in U.S. equity prices, directly benefiting the Company's equity capital markets and brokerage revenues. In addition, with our employees continuing to work remotely due to the pandemic, our non-compensation expenses were unusually low for the quarter. These factors combined resulted in significantly improved financial results for the second quarter of 2020 compared to the first quarter of 2020.

Due to the dramatic market volatility as a result of the COVID-19 pandemic, there was a significant decline in the fair value of our CLO debt securities and we recognized a significant unrealized loss in the first quarter of 2020. In the second quarter of 2020, the fair value of our CLO debt securities improved but remain in an unrealized loss position. We expect that the valuation of our CLO debt securities will remain volatile until the depth and duration of the current recession is better understood. While not nearly as significant, we recognized unrealized losses on other marketable securities, driven by lower market prices.

Many parts of California, in which our headquarters is located, remain locked down. Fortunately, the nature of our business allows us to successfully conduct investment banking, trading, and asset management activities, even though our employees have been working remotely since mid-March. As with most market dislocations, buyers and sellers need some time to adjust to the new environment, which can especially delay strategic advisory transactions and sometimes leads to reduced outcomes. Additionally, companies looking toward IPOs or follow-on offerings will ordinarily postpone their plans until market volatility normalizes. While we continue to be actively engaged with our clients and customers in finding the best available opportunities and solutions, we expect that delayed closings will weigh on investment banking revenues for the third quarter and beyond.

An economic recession could have a material adverse effect on our business, financial condition, results of operations, or cash flows. We are closely monitoring the status of the COVID-19 pandemic and its impact on our business and the economy and capital markets globally. The unprecedented amount of Federal stimulus spending targeted at employees of small businesses, strategically important industries, and healthcare, may help stabilize the U.S. economy and capital markets. However, we cannot reliably estimate the extent to which the COVID-19 pandemic will impact our business in the third quarter and beyond.

Deconsolidation

During the first three months of 2019, multiple events and transactions took place which resulted in the Company deconsolidating variable interest entities ("VIEs"): JMPCA, JMP Credit Advisors CLO III(R) Ltd. (“CLO III”), JMP Credit Advisors CLO IV Ltd (“CLO IV”), JMP Credit Advisors CLO V Ltd (“CLO V”), and JMP Credit Advisors Long-Term Warehouse Ltd (“CLO VI”) (CLO III, CLO IV, CLO V and CLO VI are collectively the “CLOs”). These events and transactions are hereafter referred to as the "Deconsolidation". The Company continues to hold approximately 47% of the subordinated notes of CLO III and 100% of the junior subordinated notes of CLO IV and CLO V and accounts for its ownership of these subordinated notes as an investment in a debt security and classifies them as available-for-sale securities. Refer to the Annual Report for more information on the Deconsolidation.

Components of Revenues

We derive revenues primarily from: fees from our investment banking business, net commissions from our sales and trading business, management fees and incentive fees from our asset management business, and interest income earned on collateralized loan obligations we manage (through March 19, 2019). 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 markets transactions and providing advisory services in mergers and acquisitions and other strategic transactions.

Underwriting Revenues

We earn 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 offerings. We record underwriting revenues, gross of related syndicate expenses, on the trade date which is typically the date of pricing an offering (or the following day). The Company has determined that its performance obligations are completed and the related income is reasonably determinable on the trade date. In syndicated transactions, management estimates our share of transaction-related expenses incurred by the syndicate, and we recognize revenues gross 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 consist of success fees received upon the closing of mergers and acquisitions but also include retainer fees received when we are first engaged to provide advisory services. We also earn fees for related advisory work and other services, such as fairness opinions, valuation analyses, due diligence, and pre-transaction structuring advice. These revenues may be earned for providing services to either the buyer or the seller involved in a transaction. Depending on the nature of the engagement letter and the agreed upon services, customers may simultaneously receive and consume the benefits of services or services may culminate in the delivery of the advisory services at a point in time. The Company evaluates each contract individually and the performance obligations identified to determine if revenue should be recognized ratably over the term of the agreement or at a specific point in time. Any retainer fees received in connection with these agreements are individually evaluated and any unearned fees are deferred for revenue recognition.

Private Capital Markets and Other Revenues

We earn fees for private capital markets and other services in connection with transactions that are not underwritten, such as private placements of equity securities, private investments in public equity (“PIPE”) transactions and Rule 144A offerings. We record private placement revenues on the closing date of these transactions. Client reimbursements for costs associated for private placement fees are recorded gross within Investment banking and various expense captions, excluding compensation.

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

Brokerage Revenues

Our brokerage revenues include trading commissions paid by customers for purchases or sales of exchange-listed and over-the-counter equity securities. Commissions resulting from equity securities transactions executed on behalf of customers are recorded on a trade date basis. The Company believes that the performance obligation is satisfied on the trade date because that is when the underlying financial instrument or purchaser is identified, the pricing is agreed upon, and the risks and rewards of ownership have been transferred to/from the customer. 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 deliver equity 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 across our industry. We expect this trend toward alternative trading systems and the related pricing pressure in the brokerage business to continue. We are, to some extent, compensated through brokerage commissions for the equity 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, an institutional investor concentrates its trading with fewer “execution” brokers and pays a fixed amount for execution, with a designated amount set aside for payments to other firms for research or other brokerage services. Accordingly, trading volume directed to us by investors that enter into such arrangements may be reduced, or eliminated, but we may be compensated for our research and sales efforts through allocations of the designated amounts. Depending on the extent to which we agree to this practice and depending on our ability to enter into arrangements on terms acceptable to us, this trend would likely impair the revenues and profitability of our brokerage business by negatively affecting both volumes and trading commissions.

Asset Management Fees

We earn asset management fees for managing a family of investment partnerships, including hedge funds, hedge funds of funds, private equity funds, real estate funds, a capital debt fund, as well as a publicly traded specialty finance company, Harvest Capital Credit Corporation (“HCC”). These fees include base management fees and incentive fees. Base management fees are generally determined by the fair value of the assets under management (“AUM”), invested capital or the aggregate capital commitment and the fee schedule for each fund or account. Incentive fees are based upon the investment performance of the funds or accounts. For most of our funds, incentive fees equate to a percentage of the excess investment return above a specified high-water mark or hurdle rate over a defined period of time. For private equity funds, incentive fees equate to a percentage of the realized gain from the disposition of each portfolio investment in which each investor participates, which we earn after returning contributions by an investor for a portfolio investment. Some of these incentive fees are subject to contingent repayments to investors or clawback and cannot be recognized until it is probable that there will not be a significant reversal of revenue. Any such fees earned are deferred for revenue recognition until the contingency is removed or the Company determines that it is not probable that a significant reversal of revenue will occur.

The following table presents a summary of the Company’ s client assets under management with respect to the assets managed by HCS, JMP Asset Management LLC (“JMPAM”), HCAP Advisors LLC (“HCAP Advisors”) and assets managed by sponsored funds:

(In thousands)	**Client Assets Under Management at**	
	June 30, 2020	**December 31, 2019**
Client Assets Managed by HCS, JMPAM, and HCAP Advisors (1)	$ 589,253	$ 594,678
Client Assets Under Management by Sponsored Funds (2)	5,101,652	5,381,432
JMP Group LLC total client assets under management	$ 5,690,905	$ 5,976,110

(1) For HCS, JMPAM, and HCAP Advisors, client assets under management represent the net assets of such funds or the commitment amount.
(2) Sponsored funds are third-party asset managers in which the Company owns an economic interest.

Principal Transactions

Principal transaction revenues include net realized and unrealized gains and losses resulting from our principal investments in equity and other securities for our own account as well as 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 interests in investment partnerships managed by our asset management subsidiaries, HCS and JMPAM, which are recorded using the fair value option and the net asset value practical expedient, or are accounted for using the equity method of accounting. Revenues also included unrealized gains and losses on investments that elect the fair option and unrealized gains and losses on the deconsolidation of businesses and investments. In addition, our principal transaction revenues include unrealized gains or losses on an investment in an entity that acquires buildings and land for the purpose of holding, managing and selling the properties and also include unrealized gains or losses on the investments in other private companies.

Gain (Loss) on Sale, Payoff, and Mark-to-Market of Loans

Gain (loss) on sale, payoff, and mark-to-market of loans consists of gains and losses from the sale and payoff of loans collateralizing asset-backed securities (“ABS”) recognized prior to the deconsolidation of the CLOs in the first quarter of 2019. Gains are recorded when the proceeds exceed the carrying value of the loan.

Net Dividend Income

Net dividend income includes dividends from our investments offset by dividend expense resulting from 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, contingent revenue from a sale of a general partnership, subordinated management fees earned on CLO investments, and fees earned to raise capital for third-party investment partnerships.

Interest Income

Interest income primarily consists of interest income earned on loans collateralizing ABS issued (through March 19, 2019), investments in CLO equity tranches, and loans held for investment. Interest income on loans is comprised of 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 on CLO debt securities are recognized in interest income using the effective yield method.

On January 17, 2019, the non-call period for CLO III expired and the Company lost the ability to direct the most significant activities of CLO III. As a result, the Company deconsolidated CLO III as of January 17, 2019 and ceased recognizing interest income on loans collateralizing asset-backed securities for CLO III as of the date of sale.

On March 19, 2019, the Company sold a total of 55.0% of the equity interest in JMPCA. Due to the sale of the majority of the equity interest and the loss of control over the CLO IV, CLO V, and CLO VI warehouse, the Company deconsolidated these entities and ceased recognizing interest income on loans collateralizing asset-backed securities and loans held for investment underlying the CLO VI warehouse portfolio as of the deconsolidation date. After deconsolidation of the CLOs, the Company accounts for its ownership of the subordinated notes of the CLOs as beneficial interests in debt securities and recorded interest income on those instruments using the effective-yield method.

Interest Expense

Interest expense primarily consists of interest expense related to ABS issued and CLO warehouse credit facilities (through March 19, 2019), Senior Notes, lines of credit, and notes payable, as well as the amortization of bond issuance costs. Interest expense on asset-backed securities is the stated coupon payable as a percentage of the principal amount. Interest expense is recorded on an accrual basis, in accordance with the terms of the respective debt instruments. Due to deconsolidation of the CLOs and the CLO VI warehouse in the first quarter of 2019, the Company ceased recording interest expense on asset-backed securities issued as of January 17, 2019 for CLO III and on March 19, 2019, for CLO IV, CLO V, and CLO VI warehouse.

Gain (loss) on Repurchase, Reissuance, or Early Retirement of Debt

Gain (loss) on repurchase, reissuance, or early retirement of debt primarily consists of gains recognized on repurchase of Senior Notes and losses incurred in the write-off of debt issuance costs related to Senior Notes that has been repurchased or retired sooner than the life of the instrument.

Components of Expenses

We classify our expenses as compensation and benefits; administration; brokerage, clearing and exchange fees; travel and business development; managed deal expenses, communications and technology; occupancy; professional fees, depreciation, and other. 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, equity-based compensation, and medical and benefits expenses, as well as expenses for contractors and temporary employees. Our employees receive a substantial portion of their compensation in the form of an individual, performance-based bonus. As is the widespread practice in our industry, we pay bonuses on an annual basis, and for senior professionals these bonuses typically make up a large portion of their total compensation. A portion of the performance-based bonuses paid to certain senior professionals 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 with specific ratios of total compensation and benefits to total revenues applied to specific revenue categories, with adjustments made 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. Changes in brokerage, clearing and exchange fees fluctuate largely in line with the volume of our sales and trading activity.

Travel and Business Development

Travel and business development expense primarily consists of costs incurred traveling to client locations for the purposes of executing transactions or meeting potential new clients, travel for administrative functions, and other costs incurred in developing new business. Travel costs related to existing clients for mergers and acquisitions and underwriting deals are sometimes reimbursed by clients. Under the new revenue standard ASC 606, reimbursed costs are presented as revenue on the Consolidated Statements of Operations.

Managed Deal Expenses

Managed deal expenses primarily relate to costs incurred and/or allocated in the execution of investment banking transactions, including reimbursable costs. Under the new revenue standard ASC 606, reimbursed costs are presented as revenue on the Consolidated Statements of Operations.

Communications and Technology

Communications and technology expense primarily relates to the cost of communication and connectivity, information processing, and subscriptions to certain market data feeds and services.

Occupancy Expenses

Occupancy costs primarily include payments made under operating leases that are recognized on a straight-line basis over the period of the lease and the accretion of any lease incentives.

Professional Fees

Professional fees primarily relate to legal and accounting professional services.

Depreciation

Depreciation expenses include the straight-line amortization of purchases of certain furniture and fixtures, computer and office equipment, certain software costs, and leasehold improvements to allocate their depreciation amounts over their estimated useful life.

Other Expenses

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

Income Taxes

Since January 2015, JMP Group LLC has been a publicly traded partnership and, as such, has been 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." On January 31, 2019, the Company filed an election with the U.S. Internal Revenue Service to be treated as a C corporation for tax purposes, rather than a partnership, going forward. The election was approved and became retroactively effective as of January 1, 2019.

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 does not have a valuation allowance as of June 30, 2020.

The Company records uncertain tax positions using a two-step process: (i) the Company determines whether it is more likely than not that each tax position will be sustained on the basis of the technical merits of the position; and (ii) for those tax positions that meet the more-likely-than not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than fifty percent likely to be realized upon ultimate settlement with the related tax authority.

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 the three and six months ended June 30, 2020 includes the interest of third parties in HCS Strategic Investments LLC ("HCS SI") and HCAP Advisors. Non-controlling interest for the three and six months ended June 30, 2019 includes the interest of third parties in CLO III (through January 17, 2019), HCS SI, and HCAP Advisors.

Results of Operations

The following table sets forth our results of operations for the three and six months ended June 30, 2020 and 2019, 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 2019 to 2020**		**Six Month Change From 2019 to 2020**	
	2020	**2019**	**2020**	**2019**	**$**	**%**	**$**	**%**
Revenues								
Investment banking	$ 21,595	$ 17,736	$ 36,220	$ 29,615	$ 3,859	21.8%	$ 6,605	22.3%
Brokerage	5,645	4,657	9,832	9,192	988	21.2%	640	7.0%
Asset management fees	1,712	2,354	3,428	4,057	(642)	-27.3%	(629)	-15.5%
Principal transactions	(48)	1,423	(17,600)	6,711	(1,471)	-103.4%	(24,311)	-362.3%
Loss on sale, payoff and mark-to-market of loans	-	(21)	0	(38)	21	-100.0%	38	-100.0%
Net dividend income	10	293	237	589	(283)	-96.6%	(352)	-59.8%
Other income	912	793	1,847	758	119	15.0%	1,089	143.7%
Non-interest revenues	29,826	27,235	33,964	50,884	2,591	9.5%	(16,920)	-33.3%
Interest income	1,890	2,772	4,104	17,063	(882)	-31.8%	(12,959)	-75.9%
Interest expense	(1,723)	(1,939)	(3,505)	(12,712)	216	-11.1%	9,207	-72.4%
Net interest income	167	833	599	4,351	(666)	-80.0%	(3,752)	-86.2%
Gain on repurchase, reissuance, or early retirement of debt	-	-	697	0	-	N/A	697	0.0%
Total net revenues	29,993	28,068	35,260	55,235	1,925	6.9%	(19,975)	-36.2%
Non-interest expenses								
Compensation and benefits	22,386	19,945	38,599	37,167	2,441	12.2%	1,432	3.9%
Administration	1,067	2,748	3,289	4,677	(1,681)	-61.2%	(1,388)	-29.7%
Brokerage, clearing and exchange fees	647	733	1,281	1,434	(86)	-11.7%	(153)	-10.7%
Travel and business development	54	1,347	976	2,368	(1,293)	-96.0%	(1,392)	-58.8%
Managed deal expenses	950	1,334	1,538	1,867	(384)	-28.8%	(329)	-17.6%
Communications and technology	1,085	1,127	2,214	2,180	(42)	-3.7%	34	1.6%
Occupancy	1,194	1,409	2,393	2,832	(215)	-15.3%	(439)	-15.5%
Professional fees	731	821	1,621	2,277	(90)	-11.0%	(656)	-28.8%
Depreciation	397	311	945	608	86	27.7%	337	55.4%
Other	208	5	208	500	203	4060.0%	(292)	-58.4%
Total non-interest expenses	28,719	29,780	53,064	55,910	(1,061)	-3.6%	(2,846)	-5.1%
Net income (loss) before income taxes	1,274	(1,712)	(17,804)	(675)	2,986	-174.4%	(17,129)	2537.6%
Income tax expense (benefit)	176	(517)	(7,063)	(4,619)	693	-134.0%	(2,444)	52.9%
Net income (loss)	1,098	(1,195)	(10,741)	3,944	2,293	-191.9%	(14,685)	-372.3%
Less: Net income (loss) attributable to non-controlling interest	(26)	(83)	(117)	(13)	57	-68.7%	(104)	800.0%
Net income (loss) attributable to JMP Group LLC	$ 1,124	$ (1,112)	$ (10,624)	$ 3,957	$ 2,236	-201.1%	$ (14,581)	-368.5%

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 the Company's 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 compensation expense recognized under GAAP related to equity awards;

(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 CLO III prior to March 31, 2019;

(iv) unrealized gains or losses on commercial real estate investments, adjusted for non-cash expenditures, including depreciation and amortization;

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

(vi) reverses impairment of CLO debt securities recognized in principal transaction revenues, as the Company believes that the forecasted reduction in future cash flows will be mitigated by a change in the interest rate environment and that distributions will be larger than currently projected;

(vii) reverses the one-time transaction costs related to the refinancing or repurchase of the debt;

(viii) a combined federal, state and local income tax rate of 26% at the consolidated taxable parent company, JMP Group LLC.

(ix) presents revenues and expenses on a basis that deconsolidates the CLOs (through March 19, 2019) and removes any non-controlling interest in consolidated but less than wholly owned subsidiaries.

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, 2020						
(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 21,595	$ -	$ -	$ -	$ -	$ -	$ 21,595
Brokerage	5,645	-	-	-	-	-	5,645
Asset management related fees	7	1,941	379	2,320	-	(42)	2,285
Principal transactions	458	-	1,809	1,809	-	-	2,267
Net dividend income	-	-	49	49	-	-	49
Net interest income	-	-	192	192	-	-	192
Total net revenues	27,705	1,941	2,429	4,370	-	(42)	32,033
Non-interest expenses							
Non-interest expenses	24,045	2,144	303	2,447	2,082	(42)	28,532
Operating pre-tax net income (loss)	3,660	(203)	2,126	1,923	(2,082)	-	3,501
Income tax expense (benefit)	951	(53)	553	500	(541)	-	910
Operating net income (loss)	$ 2,709	$ (150)	$ 1,573	$ 1,423	$ (1,541)	$ -	$ 2,591

	Three Months Ended June 30, 2019						
(In thousands)	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 17,736	$ -	$ -	$ -	$ -	$ -	$ 17,736
Brokerage	4,657	-	-	-	-	-	4,657
Asset management related fees	6	2,536	323	2,859	-	(34)	2,831
Principal transactions	-	-	1,492	1,492	-	-	1,492
Loss on sale, payoff, and mark-to-market of loans	-	-	(21)	(21)	-	-	(21)
Net dividend income	-	-	331	331	-	-	331
Net interest income	-	-	816	816	-	-	816
Total net revenues	22,399	2,536	2,941	5,477	-	(34)	27,842
Non-interest expenses							
Non-interest expenses	23,458	2,883	495	3,378	1,982	(34)	28,784
Operating pre-tax net income (loss)	(1,059)	(347)	2,446	2,099	(1,982)	-	(942)
Income tax expense (benefit)	(275)	(90)	635	545	(515)	-	(245)
Operating net income (loss)	$ (784)	$ (257)	$ 1,811	$ 1,554	$ (1,467)	$ -	$ (697)

(In thousands)	Six Months Ended June 30, 2020						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 36,220	$ -	$ -	$ -	$ -	$ -	$ 36,220
Brokerage	9,832	-	-	-	-	-	9,832
Asset management related fees	159	3,844	712	4,556	-	(87)	4,628
Principal transactions	487	-	1,861	1,861	-	-	2,348
Net dividend income	-	-	305	305	-	-	305
Net interest income	-	-	650	650	-	-	650
Gain on repurchase, reissuance or early retirement of debt	-	-	786	786	-	-	786
Adjusted net revenues	46,698	3,844	4,314	8,158	-	(87)	54,769
Non-interest expenses							
Non-interest expenses	43,246	4,506	454	4,960	3,874	(87)	51,993
Operating pre-tax net income (loss)	3,452	(662)	3,860	3,198	(3,874)	-	2,776
Income tax expense (benefit)	889	(173)	1,012	839	(1,007)	-	722
Operating net income (loss)	$ 2,563	$ (489)	$ 2,848	$ 2,359	$ (2,868)	$ -	$ 2,055

(In thousands)	Six Months Ended June 30, 2019						
	Broker-Dealer	Asset Management			Corporate Costs	Eliminations	Total Segments
		Asset Management Fee Income	Investment Income	Total Asset Management			
Revenues							
Investment banking	$ 29,615	$ -	$ -	$ -	$ -	$ -	$ 29,615
Brokerage	9,192	-	-	-	-	-	9,192
Asset management related fees	12	4,897	369	5,266	-	(1,048)	4,230
Principal transactions	-	-	6,879	6,879	-	-	6,879
Loss on sale, payoff, and mark-to-market of loans	-	-	(39)	(39)	-	-	(39)
Net dividend income	-	-	666	666	-	-	666
Net interest income	-	-	4,139	4,139	-	-	4,139
Adjusted net revenues	38,819	4,897	12,014	16,911	-	(1,048)	54,682
Non-interest expenses							
Non-interest expenses	41,358	5,973	3,044	9,017	4,042	(1,048)	53,369
Operating pre-tax net income (loss)	(2,539)	(1,076)	8,970	7,894	(4,042)	0	1,313
Income tax expense (benefit)	(660)	(281)	2,332	2,051	(1,050)	-	341
Operating net income (loss)	$ (1,879)	$ (795)	$ 6,638	$ 5,843	$ (2,992)	$ -	$ 972

The following table reconciles operating net income (loss) to Total Segments operating pre-tax net income, and also 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, 2020 and 2019.

(In thousands)	Three Months Ended June 30,	
	2020	2019
Consolidated net income (loss) attributable to JMP Group LLC	$ 1,124	$ (1,112)
Income tax expense (benefit)	176	(517)
Consolidated pre-tax net income (loss) attributable to JMP Group LLC	$ 1,300	$ (1,629)
Addback (subtract):		
Share-based awards and deferred compensation	130	(587)
Impairment of CLO debt securities	(1,013)	-
Unrealized loss in real estate fund investment – depreciation and amortization	(516)	(221)
Unrealized mark-to-market gain (loss) on strategic equity investments	(802)	121
Total consolidation adjustments and reconciling items	(2,201)	(687)
Total segments adjusted operating pre-tax net income (loss)	$ 3,501	$ (942)
Subtract (addback) of segment income tax expense (benefit)	910	(245)
Operating net income (loss)	$ 2,591	$ (697)

(In thousands)	Six Months Ended June 30,	
	2020	2019
Consolidated net income (loss) attributable to JMP Group LLC	$ (10,624)	$ 3,957
Income tax benefit	(7,063)	(4,619)
Consolidated pre-tax net loss attributable to JMP Group LLC	$ (17,687)	$ (662)
Subtract:		
Share-based awards and deferred compensation	(416)	(1,431)
Early retirement/reissuance	(89)	-
Impairment of CLO debt securities	(14,536)	-
Amortization of intangible asset – CLO III	-	(277)
Unrealized loss in real estate fund investment – depreciation and amortization	(854)	(778)
Unrealized mark-to-market loss on strategic equity investments	(4,568)	511
Total consolidation adjustments and reconciling items	(20,463)	(1,975)
Total segments adjusted operating pre-tax net income (loss)	$ 2,776	$ 1,313
Subtract (addback) of segment income tax expense (benefit)	722	341
Operating net income (loss)	$ 2,055	$ 972

Three Months Ended June 30, 2020 Compared to Three Months Ended June 30, 2019

Overview

Total net revenues were $28.1 million for the quarter ended June 30, 2019 and $30.0 million for the same period in 2020.

Non-interest revenues increased $2.6 million, or 9.5%, from $27.2 million for the quarter ended June 30, 2019 to $29.8 million in the same period in 2020. This increase was primarily driven by a $3.9 million increase in investment banking revenues, partially offset by a $1.4 decrease in principal transaction revenues.

Net interest income decreased $0.6 million, or 80.0%, from $0.8 million for the quarter ended June 30, 2019 to $0.2 million for the quarter ended June 30, 2020. The decrease in net interest income was due to the deconsolidation of the CLOs during the three month period ended June 30, 2019.

Total non-interest expenses decreased $1.1 million, or 3.6%, from $29.8 million for the quarter ended June 30, 2019 to $28.7 million for the quarter ended June 30, 2020, primarily due to a $3.6 million decrease in non-compensation expense, offset by a $2.5 million increase in compensation and benefits.

Net income attributable to non-controlling interest increased $0.1 million, or 68.7%, from net loss of $0.1 million for the quarter ended June 30, 2019 to a net loss of $0.0 million for the quarter ended June 30, 2020. The decrease in net income attribute to non-controlling interest is due to the deconsolidation of CLO III during the three months ended March 31, 2019.

Net income attributable to JMP Group LLC increased $2.2 million, or 201.1%, from a net loss of $1.1 million for the quarter ended June 30, 2019 to net income of $1.1 million for the quarter ended June 30, 2020. The increase in net income attributable to JMP Group LLC was primarily due to the decreased non-interest revenues earned in the quarter ended June 30, 2020 compared to the same period in 2019.

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $3.9 million, or 21.8%, from $17.7 million for the quarter ended June 30, 2019 to $21.6 million for the same period in 2020. As a percentage of total net revenues, investment banking revenues increased from 63.2% for the quarter ended June 30, 2019 to 72.0% for the quarter ended June 30, 2020. On an operating basis, investment banking revenues were 67.4% and 63.7% for the quarters ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

(Dollars in thousands)	Three Months Ended June 30,				Change from 2020 to 2019		
	2020		2019				
	Count	Revenues	Count	Revenues	Count	$	%
Equity and debt origination	22	$ 14,569	25	$ 12,328	(3)	$ 2,241	18.2%
Strategic advisory and private placements	5	7,026	3	5,408	2	$ 1,618	29.9%
Total	27	$ 21,595	28	$ 17,736	(1)	$ 3,859	21.8%

The increase in revenues was driven by a 26.3% increase in the average size of the fee paid per transaction. The number of transactions in which we acted as a bookrunning manager was zero and seven for the quarters ended June 30, 2020 and 2019, respectively.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment increased from $4.7 million for the quarter ended June 30, 2019 to $5.6 million for the quarter ended June 30, 2020. Brokerage revenues increased as a percentage of total net revenues, from 16.6% for the quarter ended June 30, 2019 to 18.8% for the quarter ended June 30, 2020. On an operating basis, brokerage revenues were 17.6% and 16.7% for the quarters ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Asset Management Fees

(In thousands)	Three Months Ended June 30,	
	2020	**2019**
Asset management related fees:		
Fees reported as asset management fees	$ 1,712	$ 2,354
Fees reported as other income	912	793
Less: non-controlling interests	(339)	(316)
Total segment asset management related fee revenues	$ 2,285	$ 2,831

Fees reported as asset management fees were $1.7 million and $2.4 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, asset management revenues decreased from 8.4% for the quarter ended June 30, 2019 to 5.7% for the quarter ended June 30, 2020.

Total segment asset management-related fees include base management fees and incentive fees from our assets 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. Total segment asset management-related fee revenues are reconciled to the GAAP measure, total asset management fee revenues, in the table above. We believe that presenting operating asset management-related fees is useful to investors as a means of assessing the performance of our combined asset management activities, including fundraising and other services for third parties. We also believe that asset management-related fee revenue is a more meaningful measure than standalone asset management fees as reported, because asset management-related fee revenues represent the combined impact of the various asset management activities on the Company’s total net revenues.

Total segment asset management related fee revenue decreased $0.5 million from $2.8 million for the quarter ended June 30, 2019 to $2.3 million for the quarter ended June 30, 2020. On an operating basis, asset management related fee revenues were 7.1% and 10.2% for the quarters ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Principal Transactions

Principal transaction revenues decreased $1.4 million from a gain of $1.4 million for the quarter ended June 30, 2019 to break-even for the same period in 2020. This decrease was primarily driven by a $1.0 million impairment loss on CLO debt securities included in principal transaction revenues for the quarter ended June 30, 2020.

Total segment principal transaction revenues increased from $1.5 million for the quarter ended June 30, 2019 to $2.3 million for the same period in 2020, primarily driven by a $0.4 million gain on equity and other securities and a $0.4 million gain on other investments. 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 2020 and 2019 were included in our Investment Income segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below. See the Operating Net Income section above for additional information on the adjustments made to arrive at the non-GAAP measure and why management believes that this non-GAAP number is useful and important to the users of these financial statements.

(In thousands)	Three Months Ended June 30,	
	2020	**2019**
Equity and other securities	$ 333	$ (92)
Warrants and other investments	1,414	1,052
Investment partnerships	520	532
Total segment principal transaction revenues	2,267	1,492
Operating adjustment addbacks	(2,315)	(69)
Total principal transaction revenues	$ (48)	$ 1,423

On an operating basis, as a percentage of total net revenues, principal transaction revenues increased from 5.4% for the quarter ended June 30, 2019 to 7.1% for the quarter ended June 30, 2020.

Gain (Loss) on Sale, Payoff, and Mark-to-Market of Loans

Gain (loss) on sale, payoff, and mark-to-market of loans increased from a loss of $21 thousand for the quarter ended June 30, 2019 to zero for the quarter ended June 30, 2020.

Net Dividend Income

Net dividend income decreased $0.3 million, from $0.3 million for the quarter ended June 30, 2019 to $0.0 million for the quarter ended June 30, 2020. Net dividend income in 2019 primarily related to dividends from our HCC investment.

Net Interest Income/Expense

Net interest income decreased $0.6 million from $0.8 million for the quarter ended June 30, 2019 to $0.2 million for the quarter ended June 30, 2020 As a percentage of total net revenues, net interest income was 2.9% for the quarter ended June 30, 2019 and 0.6% for the quarter ended June 30, 2020.

Total segment net interest income decreased from $0.8 million for the quarter ended June 30, 2019 to $0.2 million for the quarter ended June 30, 2020. Net interest income is earned in our Investment Income segment and reflects our portion of the net CLO contractual interest before deconsolidation in the first quarter of 2019, net of bond interest expense. Total segment net interest income after deconsolidation reflects the effective yield of the Company's ownership of subordinated notes in CLO III, CLO IV, and CLO V, net of bond interest expense. As a percentage of total segment net revenues, net interest income was 2.9% for the quarter ended June 30, 2019 and 0.6% for the quarter ended June 30, 2020.

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, increased $2.5 million, or 12.2%, from $19.9 million for the quarter ended June 30, 2019 to $22.4 million for the quarter ended June 30, 2020.

Employee payroll, taxes and benefits, and consultant fees decreased $0.2 million from $10.1 million for the quarter ended June 30, 2019 to $9.9 million for the quarter ended June 30, 2020. Performance-based bonus and commission increased $2.8 million from $9.2 million for the quarter ended June 30, 2019 to $12.0 million for the quarter ended June 30, 2020.

Equity-based compensation decreased $0.1 million from $0.6 million for the quarter ended June 30, 2019 to $0.5 million for the quarter ended June 30, 2020

Compensation and benefits as a percentage of revenues increased from 71.1% of total net revenues for the quarter ended June 30, 2019 to 74.6% for the quarter ended June 30, 2020. Compensation and benefits increased 12.2% from the quarter ended June 30, 2019 when compared to the quarter ended June 30, 2020. Net revenue increased 6.9% from the quarter ended June 30, 2019 when compared to the quarter ended June 30, 2020.

Administration

Administration expense decreased $1.6 million from $2.7 million for the quarter ended June 30, 2019 to $1.1 million for the quarter ended June 30, 2020 As a percentage of total net revenues, administration expense were 9.8% and 3.6% for the quarters ended June 30, 2020 and 2019, respectively.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fees were $0.6 million and $0.7 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, our brokerage, clearing and exchange fees were 2.2% and 2.6% for the quarters ended June 30, 2020 and 2019, respectively.

Travel and Business Development

Travel and business development expenses were $0.1 million and $1.3 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, travel and business development expense was 0.2% and 4.8% for the quarters ended June 30, 2020 and 2019, respectively.

Managed deal expenses

Managed deal expenses were $1.0 million and $1.3 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, managed deal expenses were 3.2% and 4.8% for the quarters ended June 30, 2020 and 2019, respectively.

Communications and Technology

Communications and technology expenses were $1.1 million for both of the quarters ended June 30, 2020 and 2019. As a percentage of total net revenues, communications and technology expense were 3.6% and 4.0% for the quarters ended June 30, 2020 and 2019, respectively.

Occupancy

Occupancy expenses were $1.2 million and $1.4 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, occupancy expenses were 4.0% and 5.0% for the quarters ended June 30, 2020 and 2019, respectively.

Professional Fees

Professional fees were $0.7 million and $0.8 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, professional fees were 2.4% and 2.9% for the quarters ended June 30, 2020 and 2019, respectively.

Depreciation

Depreciation expenses were $0.4 million and $0.3 million for the quarters ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, depreciation was 1.3% and 1.1% for the quarters ended June 30, 2020 and 2019, respectively.

Other Expenses

Other expenses were $0.2 and $0.0 million for the quarters ended June 30, 2020, respectively. As a percentage of total net revenues, other expenses were 0.7% and 0.0% for the quarters ended June 30, 2020 and 2019, respectively.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest decreased from net loss of $0.1 million for the quarter ended June 30, 2019 to net income of $0.0 million for the quarter ended June 30, 2020. Non-controlling interest for the quarter ended June 30, 2019 includes the interest of third parties in CLO III, HCAP Advisors, and HCS SI. Non-controlling interest for the quarter ended June 30, 2020 includes the interest of third parties in HCAP Advisors and HCS SI.

Provision for Income Taxes

Income tax expense was $0.1 million and $0.5 million benefit for the quarters ended June 30, 2020 and 2019, respectively. The Company's tax benefit decreased for the quarter ended June 30, 2020 from June 30, 2019 due to a increased from net income from 2019 to 2020.

Beginning January 1, 2019, the Company elected to be treated as a C corporation for tax purposes, rather than a partnership, going forward.

For GAAP 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 net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate.

Segment income tax was a $0.9 million expense and $0.2 million benefit for the quarters ended June 30, 2020 and 2019, respectively.

For segment reporting purposes, an effective tax rate of 26% was assumed for the three months ended June 30, 2020 and 2019 based on our best estimation of the subsidiary’s average rate of taxation over the long term.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted in response to market conditions related to the coronavirus (COVID-19) pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act (TCJA). The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

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.

Six Months Ended June 30, 2020 Compared to Six Months Ended June 30, 2019

Overview

Total net revenues were $55.2 million for the six months ended June 30, 2019 and $35.3 million for the same period in 2020.

Non-interest revenues decreased $16.9 million, or 33.3%, from $50.9 million for the six months ended June 30, 2019 to $34.0 million in the same period in 2020. This decrease was primarily driven by a $24.3 million decrease in principal transaction revenues, partially offset by a $6.6 million increase in investment banking revenues and a $1.0 million increase in other income.

Net interest income decreased $3.8 million, or 86.2%, from $4.4 million for the six months ended June 30, 2019 to $0.6 million for the six months ended June 30, 2020. The decrease in net interest income was due to the deconsolidation of the CLOs during the six months ended June 30, 2019.

Gain on repurchase, reissuance, or early retirement of debt increased $0.7 million from zero for the six months ended June 30, 2019 to $0.7 million for the six months ended June 30, 2020.

Total non-interest expenses decreased $2.8 million, or 5.1%, from $55.9 million for the six months ended June 30, 2019 to $53.1 million for the six months ended June 30, 2020, primarily due to a $1.4 million decrease in administration expense and $1.4 million decrease in travel and business development expense.

Net income attributable to non-controlling interest decreased $0.1 million, from net income of $0.0 million for the six months ended June 30, 2019 to a net loss of $0.1 million for the six months ended June 30, 2020. The decrease in net income attribute to non-controlling interest is due to the deconsolidation of CLO III during the six months ended June 30, 2019.

Net income attributable to JMP Group LLC decreased $14.6 million, or 368.5%, from a net income of $4.0 million for the six months ended June 30, 2019 to a net loss of $10.6 million for the six months ended June 30, 2020. The decrease in net income attributable to JMP Group LLC was primarily due to the decreased non-interest revenues earned in the six months ended June 30, 2020 compared to the same period in 2019.

Revenues

Investment Banking

Investment banking revenues, earned in our Broker-Dealer segment, increased $6.6 million, or 22.3%, from $29.6 million for the six months ended June 30, 2019 to $36.2 million for the same period in 2020. As a percentage of total net revenues, investment banking revenues increased from 53.6% for the six months ended June 30, 2019 to 102.7% for the six months ended June 30, 2020. On an operating basis, investment banking revenues were 66.1% and 54.1% for the six months ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

(Dollars in thousands)	Six Months Ended June 30,				Change from 2020 to 2019		
	2020		2019				
	Count	Revenues	Count	Revenues	Count	$	%
Equity and debt origination	39	23,125	42	$ 19,117	(3)	$ 4,008	21.0%
Strategic advisory and private placements	9	13,095	9	10,498	0	$ 2,597	24.7%
Total	48	$ 36,220	51	$ 29,615	(3)	$ 6,605	22.3%

The increase in revenues was driven by a 30.0% increase in the average size of the fee paid per transaction. The number of transactions in which we acted as a bookrunning manager was two and ten for the six months ended June 30, 2020 and 2019, respectively.

Brokerage Revenues

Brokerage revenues earned in our Broker-Dealer segment increased from $9.2 million for the six months ended June 30, 2019 to $9.8 million for the six months ended June 30, 2020. Brokerage revenues increased as a percentage of total net revenues, from 32.7% for the six months ended June 30, 2019 to 32.8% for the six months ended June 30, 2020. On an operating basis, brokerage revenues were 18.0% and 16.8% for the six months ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Asset Management Fees

(In thousands)	Six Months Ended June 30,	
	2020	**2019**
Asset management related fees:		
Fees reported as asset management fees	$ 3,428	$ 4,057
Fees reported as other income	1,847	758
Less: Non-controlling interest in HCAP Advisors	(647)	(585)
Total segment asset management related fee revenues	$ 4,628	$ 4,230

Fees reported as asset management fees was $3.4 million and $4.1 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, asset management revenues increased from 7.3% for the six months ended June 30, 2019 to 9.7% for the six months ended June 30, 2020.

Total segment asset management-related fees include base management fees and incentive fees from our assets 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. Total segment asset management-related fee revenues are reconciled to the GAAP measure, total asset management fee revenues, in the table above. We believe that presenting operating asset management-related fees is useful to investors as a means of assessing the performance of our combined asset management activities, including fundraising and other services for third parties. We also believe that asset management-related fee revenue is a more meaningful measure than standalone asset management fees as reported, because asset management-related fee revenues represent the combined impact of the various asset management activities on the Company's total net revenues.

Total segment asset management related fee revenue increased $0.4 million from $4.2 million for the six months ended June 30, 2019 to $4.6 million for the six months ended June 30, 2020. On an operating basis, asset management related fee revenues were 8.5% and 7.7% for the six months ended June 30, 2020 and 2019, respectively, as a percentage of total net revenues.

Principal Transactions

Principal transaction revenues decreased $24.3 million from a gain of $6.7 million for the six months ended June 30, 2019 to a loss of $17.6 million for the same period in 2020. This decrease was primarily driven by a $14.5 million impairment loss on CLO debt securities included in principal transaction revenues for the six months ended June 30, 2020 and a $3.4 million gain on deconsolidation of JMPCA included in the same period in 2019.

Total segment principal transaction revenues decreased from $6.9 million for the six months ended June 30, 2019 to $2.3 million for the same period in 2020. 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 2020 and 2019 were included in our Investment Income segment. Total segment principal transaction revenues are reconciled to the GAAP measure, total principal transaction revenues, in the table below. See the Operating Net Income section above for additional information on the adjustments made to arrive at the non-GAAP measure and why management believes that this non-GAAP number is useful and important to the users of these financial statements.

(In thousands)	Six Months Ended June 30,	
	2020	**2019**
Equity and other securities	$ (491)	$ 1,369
Warrants and other investments	2,321	5,360
Investment partnerships	518	150
Total segment principal transaction revenues	2,348	6,879
Operating adjustment addbacks	(19,948)	(168)
Total principal transaction revenues	$ (17,600)	$ 6,711

On an operating basis, as a percentage of total net revenues, principal transaction revenues decreased from 12.6% for the six months ended June 30, 2019 to 4.3% for the six months ended June 30, 2020.

Net Dividend Income

Net dividend income decreased $0.4 million, from $0.6 million for the six months ended June 30, 2019 to $0.2 million for the six months ended June 30, 2020. Net dividend income primarily related to dividends from our HCC investment.

Net Interest Income/Expense

Net interest income decreased $3.8 million from $4.4 million for the six months ended June 30, 2019 to $0.6 million for the six months ended June 30, 2020. The decrease in net interest income was driven primarily by a $13.0 million decrease in net interest earned, partially offset by a $9.2 million increase in net interest expense. As a percentage of total net revenues, net interest income was 7.9% for the six months ended June 30, 2019 and 1.7% for the six months ended June 30, 2020.

Total segment net interest income increased from $0.0 million for the six months ended June 30, 2019 to $0.7 million for the six months ended June 30, 2020. Net interest income is earned in our Investment Income segment and reflects our portion of the net CLO contractual interest before deconsolidation in the first quarter of 2019, net of bond interest expense. Total segment net interest income after deconsolidation reflects the effective yield of the Company's ownership of subordinated notes in CLO III, CLO IV, and CLO V, net of bond interest expense. As a percentage of total segment net revenues, net interest income was 0.0% for the six months ended June 30, 2019 and 1.2% for the six months ended June 30, 2020.

Gain on Repurchase, Reissuance, or Early Retirement of Debt

Gain on repurchase, reissuance, or early retirement of debt increased $0.7 million from zero for the six months ended June 30, 2019 to $0.7 million for the six months ended June 30, 2020. The increase was driven primarily by the repurchase of $1.4 million and $0.7 million par value of its issued and outstanding 2019 Senior Notes and 2017 Senior Notes, 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, increased $1.4 million, or 3.9%, from $37.2 million for the six months ended June 30, 2019 to $38.6 million for the six months ended June 30, 2020.

Employee payroll, taxes and benefits, and consultant fees decreased $0.1 million from $21.4 million for the six months ended June 30, 2019 to $21.3 million for the six months ended June 30, 2020. Performance-based bonus and commission increased $1.7 million from $14.7 million for the six months ended June 30, 2019 to $16.4 million for the six months ended June 30, 2020.

Equity-based compensation decreased $0.2 million from $1.1 million for the six months ended June 30, 2019 to $0.9 million for the six months ended June 30, 2020.

Compensation and benefits as a percentage of revenues increased from 67.3% of total net revenues for the six months ended June 30, 2019 to 109.5% for the six months ended June 30, 2020. The increase in the compensation and benefits as a percentage of revenues is primarily due to the decrease in total net revenues from the six months ended June 30, 2019 compared to the same period in 2020.

Administration

Administration expense decreased $1.4 million from $4.7 million for the six months ended June 30, 2019 to $3.3 million for the six months ended June 30, 2020 As a percentage of total net revenues, administration expense were 9.3% and 8.5% for the six months ended June 30, 2020 and 2019, respectively.

Brokerage, Clearing and Exchange Fees

Brokerage, clearing and exchange fees were $1.3 million and $1.4 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, our brokerage, clearing and exchange fees were 3.6% and 2.6% for the six months ended June 30, 2020 and 2019, respectively.

Travel and Business Development

Travel and business development expenses were $2.4 million and $1.0 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, travel and business development expense was 2.8% and 4.3% for the six months ended June 30, 2020 and 2019, respectively.

Managed deal expenses

Managed deal expenses were $1.5 million and $1.9 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, managed deal expenses were 4.4% and 3.4% for the six months ended June 30, 2020 and 2019, respectively.

Communications and Technology

Communications and technology expenses were $2.2 million for both of the six months ended June 30, 2020 and 2019. As a percentage of total net revenues, communications and technology expense were 6.3% and 3.9% for the six months ended June 30, 2020 and 2019, respectively.

Occupancy

Occupancy expenses were $2.4 million and $2.8 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, occupancy expenses were 6.8% and 5.1% for the six months ended June 30, 2020 and 2019, respectively.

Professional Fees

Professional fees were $1.6 million and $2.3 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, professional fees were 4.6% and 4.1% for the six months ended June 30, 2020 and 2019, respectively.

Depreciation

Depreciation expenses were $0.9 million and $0.6 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, depreciation was 2.7% and 1.1% for the six months ended June 30, 2020 and 2019, respectively.

Other Expenses

Other expenses were $0.2 million and $0.5 million for the six months ended June 30, 2020 and 2019, respectively. As a percentage of total net revenues, other expenses were 0.6% and 0.9% for the six months ended June 30, 2020 and 2019, respectively.

Net Income Attributable to Non-controlling Interest

Net income attributable to non-controlling interest decreased from zero for the six months ended June 30, 2019 to net loss of $0.1 million for the six months ended June 30, 2020. Non-controlling interest for the six months ended June 30, 2019 includes the interest of third parties in CLO III, HCAP Advisors, and HCS SI. Non-controlling interest for the six months ended June 30, 2020 includes the interest of third parties in HCAP Advisors and HCS SI.

Provision for Income Taxes

Income tax benefit was $7.1 million and $4.6 million for the six months ended June 30, 2020 and 2019, respectively. The Company's tax benefit increased for the six months ended June 30, 2020 from June 30, 2019 due to a decrease from net income to a net loss from 2019 to 2020.

For GAAP 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 net operating loss carryback that was created in prior year which was subsequently carried back to offset years with taxable income that was derived from a different corporate tax rate.

Segment income tax was a $0.7 million benefit and $0.0 million expense for the six months ended June 30, 2020 and 2019, respectively.

For segment reporting purposes, an effective tax rate of 26% was assumed for the six months ended June 30, 2020 and 2019 based on our best estimation of the subsidiary’s average rate of taxation over the long term.

Beginning January 1, 2019, the Company elected to be treated as a C corporation for tax purposes, rather than a partnership, which resulted in the Company recognizing initial temporary differences between the book and tax basis of assets and liabilities that were previously held under pass through entities.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was enacted in response to market conditions related to the coronavirus (COVID-19) pandemic. The CARES Act includes many measures to help companies, including changes that are temporary and non-income based tax laws, some of which were part of the Tax Cuts and Jobs Act (TCJA). The Company has made reasonable assessments in accounting for certain effects of the CARES Act that was passed. However, the provisional impacts may be refined over the prescribed measurement period.

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.

Summarized Financial Information

JMP Group Inc., a wholly-owned subsidiary of JMP Group LLC, is the primary obligor of the Company's 7.25% Senior Notes due 2027 (the "2017 Senior Notes") (Note 7). Pursuant to the indenture of the 2017 Senior Notes, JMP Group LLC and JMP Investment Holdings LLC (the "Guarantors") are the guarantors of the 2017 Senior Notes. The Guarantors jointly and severally provide a full and unconditional guarantee of the due and punctual payment of the principal and interest on the 2017 Senior Notes and the due and punctual payment or performance of all other obligations of JMP Group Inc. under the indenture governing the 2017 Senior Notes.

The following summarized financial information presents the information of JMP Group LLC, JMP Investment Holdings LLC and JMP Group Inc. on a combined basis and eliminates intercompany balances. It does not include or present investments in subsidiaries that are not an issuer or guarantor. One of the non-guarantor subsidiaries not combined, 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.

These disclosures are in accordance with the new disclosure requirements under SEC Regulation S-X Rule 3-10 and Rule 13-02 issued in March 2020. We have early adopted these disclosure rules.

The tables below present summarized financial information as of June 30, 2020 and December 31, 2019 and for the six months ended June 30, 2020.

(In thousands)	As of	
	June 30, 2020	**December 31, 2019**
Cash and cash equivalents	$ 5,313	$ 12,557
Marketable securities owned, at fair value	28,735	34,203
Due from non-obligated subsidiaries	1,221	200
Deferred tax asset	17,332	18,547
Operating lease right-of-use asset	17,963	19,632
Total assets	90,049	99,100
Bond payable, net of debt issuance costs	80,720	82,584
Due to non-obligated subsidiaries	18,953	20,912
Operating lease liability	23,316	25,394
Total liabilities	135,209	140,377
Total equity	(45,161)	(41,276)
Total liabilities and equity	90,048	99,101

(In thousands)	**Six Months Ended June 30, 2020**
Total net revenues after provision for loan losses	$ (745)
Total non-interest expenses	2,487
Net loss	(1,901)

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, 2020 to demonstrate where our capital is invested and the financial condition of the Company.

Overview

As a result of the COVID-19 pandemic, we expect to experience reduced cash flow from operations as a result of decreased revenues. We expect certain costs to decline as the underlying activities are restricted by the COVID-19 pandemic, including travel and related expenses. In addition, even before the market upheaval due to the COVID-19 pandemic, we were focused on cutting our non-compensation costs materially during 2020. Reduced cash spending from those factors should partially offset the reduced cash flow from decreased revenues. However, the extent to which the COVID-19 pandemic will impact our liquidity in the third quarter and beyond remains uncertain. As of June 30, 2020, we had $47.2 million in cash and cash equivalents and $17.9 million in undrawn borrowing capacity on our revolving line of credit (some of which borrowing capacity may be used for working capital – See the section entitled JMP Holding LLC Credit Agreement with CNB, below). Based on our historical results, management's experience and our current business strategy, we believe that our existing cash resources and available credit will be sufficient to meet anticipated working capital and capital expenditure requirements for at least the next twelve months.

As of June 30, 2020, we had net liquid assets of $97.9 million primarily consisting of cash and cash equivalents, receivable from clearing broker, marketable securities owned, and investment banking receivables, net of marketable securities sold but not yet purchased and accrued compensation. We have satisfied our capital and liquidity requirements primarily through the issuance of the Senior Notes, draws on a line of credit, and internally generated cash from operations. Most of our financial instruments, other than loans held for investment and certain marketable securities, are recorded at fair value or amounts that approximate fair value.

Liquidity Considerations

As of June 30, 2020, our material indebtedness consisted of our then outstanding Senior Notes and borrowing on our revolving line of credit with City National Bank (“CNB”) under the Credit Agreement described below.

Senior Notes

In January 2013, JMP Group Inc. raised $46.0 million from the issuance of 8.00% Senior Notes (“2013 Senior Notes”). JMP Group Inc. redeemed $10.0 million of the issued and outstanding 2013 Senior Notes on July 31, 2018 and recorded a loss of $0.2 million related to this partial retirement of the 2013 Senior Notes. On July 18, 2019, JMP Group Inc. redeemed $11.0 million of the issued and outstanding 2013 Senior Notes and recorded a loss of $0.2 million related to this partial retirement of the 2013 Senior Notes. On September 27, 2019, the Company announced JMP Group Inc.’s intention to redeem all of the remaining issued and outstanding 2013 Senior Notes on October 28, 2019. The Company opted to satisfy and discharge its obligations under the 2013 Senior Notes as of September 27, 2019 by paying the principal and owed interest through the redemption date to the trustee, U.S. Bank National Association. On September 27, 2019 the Company deposited sufficient funds with the trustee to satisfy and discharge the 2013 Senior Notes and the trustee acknowledged such satisfaction and discharge. In connection with the redemption, the Company recorded losses on early retirement of debt related to unamortized bond issuance costs of $0.3 million and recognized an additional $0.2 million of interest expense on the accelerated repayment during the quarter ended September 30, 2019.

In November 2017, JMP Group Inc. raised $50.0 million from the issuance of 7.25% Senior Notes (“2017 Senior Notes”). The 2017 Senior Notes will mature on November 15, 2027 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 November 28, 2020 at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2017 Senior Notes bear interest at a rate of 7.25% per year, payable quarterly on February 15, May 15, August 15 and November 15 of each year. Pursuant to the indenture of the 2017 Senior Notes, JMP Group LLC and JMP Investment Holdings LLC (the “Guarantors”) are the guarantors of the 2017 Senior Notes. The Guarantors jointly and severally provide a full and unconditional guarantee of the due and punctual payment of the principal and interest on the 2017 Senior Notes and the due and punctual payment or performance of all other obligations of JMP Group Inc. under the indenture governing the 2017 Senior Notes.

In September 2019, JMP Group LLC raised $36.0 million from the issuance of 6.875% Senior Notes (“2019 Senior Notes”). The 2019 Senior Notes will mature on September 30, 2029 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 September 30, 2021 at a redemption price equal to the principal amount redeemed plus accrued and unpaid interest. The 2019 Senior Notes bear interest at a rate of 6.875% per year, payable quarterly on March 30, June 30, September 30, and December 30 of each year.

In March 2020, the Company repurchased $1.4 million and $0.7 million par value of its issued and outstanding 2019 Senior Notes and 2017 Senior Notes, respectively. Since they were repurchased at less than carrying value, a gain of $0.7 million was recognized upon the repurchase of the bonds, which has been included in the Consolidated Statements of Operations, gain on repurchase, reissuance or early retirement of debt.

JMP Holding LLC Credit Agreement with CNB

JMP Holding LLC (the “Borrower”), a wholly owned subsidiary of the Company, entered into a Second Amended and Restated Credit Agreement dated April 30, 2014 among the Borrower, the lenders from time to time party thereto (the “Lenders”) and CNB, as administrative agent for the Lenders (as amended, the “Credit Agreement”).

The Credit Agreement provides a $25.0 million revolving line of credit (the “Revolver”) through December 31, 2020. On such date, if the revolving period has not been previously extended, any outstanding amounts under the Revolver would convert to a term loan (the “Converted Term Loan”). The Converted Term Loan must be repaid in 12 quarterly installments commencing on January 1, 2021, with each of the first six installments being equal to 3.75% of the principal amount of the Converted Term Loan and each of the next six installments being equal to 5.0% of the principal amount of the Converted Term Loan. A final payment of all remaining principal and interest due under the Converted Term Loan must be made at the earlier of: (a) December 31, 2023; or (b) if certain liquidity requirements are not satisfied by the Company, the date that is last day of the fiscal quarter ending most recently (but no less than 60 days) prior to the earliest maturity date of any senior unsecured notes issued by JMP Group Inc. or JMP Group LLC then outstanding.

The Credit Agreement provides that the Revolver may be used, on a revolving basis, to fund specified permitted investments in collateralized loan obligation vehicles. In addition, up to $5.0 million of the Revolver may be used, on a revolving basis, to fund other types of permitted investments and acquisitions and for working capital.

As of June 30, 2020, the Borrower had drawn $6.0 million against the Revolver and had letters of credit outstanding under this facility to support office lease obligations of approximately $1.1 million in the aggregate.

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. 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 three or more of the members of the Company’s executive committee fail to be involved actively on an ongoing basis in the management of the Company or any of its subsidiaries. A violation of any one of these covenants could result in a default under the Credit Agreement, which would permit CNB to terminate our Revolver or Converted Term Loan and require the immediate repayment of any outstanding principal and interest. In addition, our subsidiaries are restricted under the Credit Agreement under certain circumstances from making distributions to us if an event of default has occurred under the Credit Agreement.

As of June 30, 2020 and December 31, 2019, we were in compliance with the loan covenants under the Credit Agreement.

The Borrower’s obligations under the Credit Agreement are guaranteed by all of the Company’s other wholly owned subsidiaries (other than JMP Securities) and are secured by substantially all of its and the guarantors’ assets. In addition, we have entered into a limited recourse pledge agreement with CNB whereby JMP Group LLC granted a lien on the equity interests in JMP Investment Holdings LLC and JMPAM to secure the Borrower’s obligations under the Credit Agreement.

JMP Securities LLC Revolving Note Agreement with CNB

Under a Revolving Note and Cash Subordination Agreement (as amended, the “Revolving Note Agreement”) and related Revolving Note (as amended, the “Revolving Note”), each dated April 8, 2011, JMP Securities holds a $20.0 million revolving line of credit with CNB to be used for regulatory capital purposes in connection with its securities underwriting activities. Advances under the Revolving Note Agreement bear interest at CNB’s announced prime interest rate. The unused portion of the line bears interest at the rate of 0.25% per annum, paid monthly.

On June 29, 2020, JMP Securities entered Amendment Number Eleven to the Revolving Note Agreement. Pursuant to this amendment, the $20.0 million Revolving Note Agreement was extended for one year until June 30, 2021. On June 20, 2021, any existing outstanding amount under the Revolving Note will convert to a term loan maturing the following year.

There was no borrowing on the Revolving Note as of June 30, 2020 and December 31, 2019.

The Revolving Note Agreement contains financial and other covenants. A violation of any one of these covenants could result in a default under the Revolving Note, which would permit CNB to terminate the Revolving Note and require the immediate repayment of any outstanding principal and interest, subject to the terms of the Revolving Note Agreement.

At both June 30, 2020 and December 31, 2019, JMP Securities was in compliance with the loan covenants under the Revolving Note Agreement.

JMP Securities’ obligations under the Revolving Note Agreement are guaranteed by all of the Company’s wholly owned subsidiaries (other than JMP Securities) and are secured by substantially all the guarantors’ assets.

Other JMP Group LLC considerations

On May 13, 2019, the Company launched a self-tender offer (the “2019 Tender Offer”) to repurchase for cash up to 3,000,000 of shares representing limited liability company interests of the Company. On June 13, 2019, the Company repurchased 1,816,732 shares under the 2019 Tender Offer at a price $3.95 per share for a total purchase price of $7.2 million, excluding fees and expenses related to the 2019 Tender Offer.

On February 24, 2020 the Company launched a second self-tender offer (the “2020 Tender Offer”) to repurchase for cash up to 3,000,000 of shares at $3.25 a share, representing limited liability company interests of the Company, which was terminated on March 19, 2020 as a result of multiple conditions to the 2020 Tender Offer, including share price and market index conditions, not having been satisfied.

During the three months ended June 30, 2020, the Company did not repurchase any of the Company's shares.

On February 19, 2020, the Company suspended its quarterly cash distributions program on outstanding shares.

Upon the securitization of Medalist Partners Corporate Finance CLO VI in February 2020, the Company received $13.7 million in cash from the CLO VI warehouse and recognized a gain of $1.0 million.

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 2020, we paid out $26.9 million of cash bonuses for 2019, including employer payroll tax expense.

We had total restricted cash of $1.3 million comprised primarily of restricted cash at JMP Group Inc. related to the Company’s letters of credit on leasing arrangements.

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 under the Exchange Act, shall not exceed 15 to 1. JMP Securities had net capital of $10.6 million and $16.9 million, which were $9.5 million and $15.5 million in excess of the required net capital of $1.1 million and $1.4 million, at June 30, 2020 and December 31, 2019, respectively. JMP Securities’ ratio of aggregate indebtedness to net capital was 1.57 to 1 and 1.25 to 1 at June 30, 2020 and December 31, 2019, respectively.

A condensed table of cash flows for the six months ended June 30, 2020 and 2019 is presented below.

(Dollars in thousands)	Six Months Ended June 30,		Change from 2019 to 2020	
	2020	2019	$	%
Cash flows used in operating activities	$ (18,074)	$ (31,139)	13,065	-42.0%
Cash flows provided by (used in) investing activities	13,388	(57,855)	71,243	-123.1%
Cash flows (used in) provided by financing activities	2,275	10,308	(8,033)	-77.9%
Total cash flows	$ (2,411)	$ (78,686)	$ 76,275	-96.9%

Cash Flows for the six months ended June 30, 2020

Cash decreased by $2.4 million during the six months ended June 30, 2020 as a result of cash used in operating activities, partially offset by cash provided by investing and financing activities.

Our operating activities used $18.1 million of cash from a net loss of $10.7 million, adjusted for the cash used on the gain on other investments, and cash used by operating assets and liabilities of $7.1 million. The cash used by the change in operating assets and liabilities was primarily due to a decrease in accrued compensation of $13.8 million, increase in other assets of $5.3 million, increase of $3.8 million in receivables, decrease of $1.9 million in other liabilities, and $1.4 million increase in marketable securities sold but not yet repurchased, partially offset by an $18.8 million decrease in marketable securities.

Our investing activities provided $13.4 million of cash primarily due to a $13.8 million in sales from non-equity method investments.

Our financing activities provided $2.3 million of cash primarily due to $3.8 million proceeds from PPP loans, partially offset by $1.4 million in repurchase of bonds payable.

Cash Flows for the six months ended June 30, 2019

Cash decreased by $78.7 million during the six months ended June 30, 2019, as a result of cash used in operating and investing activities, partially offset by cash provided by financing activities.

Our operating activities used $31.1 million of cash from the net income of $3.9 million, adjusted for the cash used by operating assets and liabilities of $31.2 million, and adjusted by non-cash revenue and expense items of $4.0 million. The cash used by the change in operating assets and liabilities was primarily due to a decrease in accrued compensation of $27.7 million, an increase in deposits and other assets of $12.5 million, an increase in interest receivable of $4.9 million, and a decrease in interest payable of $3.4 million, partially offset by a $10.8 million decrease in marketable securities, and a $8.0 million increase in other liabilities.

Our investing activities used $57.9 million of cash primarily due to a $35.2 million funding of loans collateralizing asset-backed securities issued, $27.8 million decrease in cash and restricted cash due to deconsolidation of subsidiaries, $25.6 million of funding of loans held for investment, and $9.6 million of purchases of non-equity method investments, partially offset by $23.8 million of receipts from loans collateralizing asset-backed securities issued, $10.4 million of receipts from sales and distributions from other investments, and $7.0 million in receipts from loans held for investment.

Our financing activities provided $10.3 million of cash primarily due to $16.6 million of proceeds from the drawdowns on the line of credit, $7.8 million of proceeds from the drawdowns of the CLO warehouse facility, partially offset by $8.6 million in purchases of common shares from treasury, $1.9 million in distributions and distribution equivalents on common shares and RSUs, $1.6 million in repayments on the line of credit, and $0.9 million of distributions to non-controlling interest shareholders.

Contractual Obligations

As of June 30, 2020, our aggregate minimum future commitment on our leases was $28.1 million. See Note 9 of the notes to the 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

We had no material off-balance sheet arrangements as of June 30, 2020. However, 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*

- *CLO Debt Securities*

- *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 in these financial statements and our consolidated financial statements in our Annual Report.

ITEM 3. Quantitative and Qualitative Disclosures About Market Risk

Not Applicable.

ITEM 4. Controls and Procedures

(a) Disclosure 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 Securities Exchange Act of 1934, as amended (the “Exchange Act”)) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chairman and Chief Executive Officer and Chief Financial Officer, as principal executive officer and principal financial officer, respectively, have concluded that, as of the end of such period covered by this report, our disclosure controls and procedures are effective.

(b) Changes in Internal Controls Over Financial Reporting

There were no changes 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 Quarterly Report on Form 10-Q that has materially affected, or are 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, except as described below, 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

In addition to the other information set forth in this report, you should carefully review and consider the information regarding certain factors that could materially affect our business, financial condition, or future results set forth under Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019 filed with the SEC on March 30, 2020.

Except as noted below, there have been no material changes from the risk factors disclosed in our Annual Report on Form 10-K, although we may disclose changes to such factors or disclose additional factors from time to time in our future filings with the SEC.

The effects of the outbreak of the novel coronavirus ("COVID-19") have negatively affected the global economy, the United States economy and the global financial markets, and may disrupt our operations and our clients' operations, which could have an adverse effect on our business, financial condition and results of operations.

The ongoing COVID-19 global and national health emergency has caused significant disruption in the international and United States economies and financial markets. On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. The spread of COVID-19 has caused illness, quarantines, cancellation of events and travel, business and school shutdowns, reduction in business activity and financial transactions, labor shortages, supply chain interruptions and overall economic and financial market instability, and has and may continue to may affect our operations. The COVID-19 pandemic is evolving, and to date has led to the implementation of various responses, including government-imposed quarantines, travel restrictions and other public health safety measures. The continued impact of COVID-19 may result in a period of business disruption, including delays in our trading.

In addition, in response to the COVID-19 pandemic, and in accordance with direction from state and local government authorities, we have made temporary precautionary measures intended to help minimize the risk of the virus to our employees, including temporarily requiring most employees to work remotely (which in turn increases our threat to cyber security and data accessibility and communication matters) and suspending all non-essential travel worldwide for our employees. In addition, industry events and in-person work-related meetings have been cancelled, the continuation of which could negatively affect our business.

Many of the key service providers we rely on also have transitioned to working remotely. If we or they were to experience material disruptions in the ability for our or their employees to work remotely (e.g., disruption in Internet-based communications systems and networks; or the break-down in the availability of essential goods and services, such as material disruptions to the delivery of food or power), our ability to operate our business normally could be materially adversely disrupted. Similarly, to date our own employees and, we believe, the employees of our key service providers, have not experienced any material degree of illness due to the COVID-19 virus. In the event that our or their workforces, or key components thereof, were to experience significant illness levels, our ability to operate our business normally could be materially adversely disrupted. Any such material adverse disruptions to our business operations could have a material adverse impact on our results of operation or financial condition.

We are taking precautions to protect the safety and well-being of our employees and customers. However, no assurance can be given that the steps being taken will be deemed to be adequate or appropriate, nor can we predict the level of disruption which will occur to our employee's ability to provide customer support and service. The ongoing COVID-19 pandemic has resulted in meaningfully lower stock prices for many companies, as well as the trading prices for our own securities. The further spread of the COVID-19 outbreak may materially disrupt banking and other financial activity generally and in the areas in which we operate. This would likely result in a decline in demand for our products and services, which would negatively impact our liquidity position and our growth strategy. Any one or more of these developments could have a material adverse effect on our and our consolidated subsidiaries' business, operations, consolidated financial condition, and consolidated results of operations.

We are closely monitoring the global outbreak of COVID-19. At this time, we cannot predict the ultimate scope, severity or duration of the outbreak or its effects on, among other things, the global, national or local economy, the capital and credit markets, or our workforce, customers and suppliers. As a result, we cannot predict the full extent of the adverse financial impact that COVID-19 will have on our businesses, financial condition, liquidity and results of operations. If we or any of the third parties with whom we engage, however, were to experience shutdowns or other business disruptions, our ability to conduct our business in the manner and on the timelines presently planned could be materially and negatively affected, which could have a material adverse impact on our business and our results of operation and financial condition.

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

During the quarter ended June 30, 2020, no purchases of the Company's shares was made by or on behalf of JMP Group LLC. As of June 30, 2020, there were no shares available to be repurchased as part of publicly announced programs or plans.

ITEM 3. Defaults Upon Senior Securities

None.

ITEM 4. Mine Safety Disclosures

Not Applicable.

ITEM 5. Other Information

None.

ITEM 6. Exhibits

EXHIBIT INDEX

Exhibit Number	Description
10.34*	Amendment Number Eleven to Revolving Note and Cash Subordination Agreement & Revolving Note, dated June 29, 2020, by and between JMP Securities LLC and City National Bank, a national banking association
10.35*	Amendment Number Seven to Second Amended and Restated Credit Agreement dated July 16, 2020, by and between JMP Holding LLC, as Borrower, the lenders party thereto and City National Bank, a national banking association, as the administrative agent for the lenders.
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.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Calculation Linkbase Document
101.DEF*	XBRL Taxonomy Extension Definition Document
101.LAB*	XBRL Taxonomy Label Linkbase Document
101.PRE*	XBRL Taxonomy Presentation Linkbase Document

*Filed herewith
** Furnished, not filed

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 11, 2020

JMP Group LLC

By:	/s/ JOSEPH A. JOLSON
Name:	**Joseph A. Jolson**
Title:	**Chairman and Chief Executive Officer**
By:	/s/ RAYMOND S. JACKSON
Name:	**Raymond S. Jackson**
Title:	**Chief Financial Officer**

Exhibit 10.34

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

This **AMENDMENT NUMBER ELEVEN TO REVOLVING NOTE AND CASH SUBORDINATION AGREEMENT & REVOLVING NOTE** (this "Amendment"), effective as of June 29, 2020, 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 INVESTMENT HOLDING LLC**, a Delaware limited liability company ("JMP Investment Guarantor"; JMP Investment Guarantor, JMP Holding Guarantor, and Harvest 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 and the Harvest 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 replacing the reference to "8th day of June, 2020" with "30th day of June, 2021".

(b) Section 1(c) of the Note Agreement is hereby amended by replacing the reference to "7th day of June, 2021" with "30th day of June, 2022".

3. Amendments to Note.

(a) The Note is hereby amended by replacing the reference to "7th day of June, 2021" with "30th day of June, 2022".

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 pages follow]

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: /s/ Mark Lehmann
Mark Lehmann
President

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

CITY NATIONAL BANK,
a national banking association, as Lender

By: /s/ Eric Lo
Eric Lo
Senior Vice President

[SIGNATURE PAGE TO AMENDMENT NUMBER ELEVEN 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 Eleven to Revolving Note and Cash Subordination Agreement & Revolving Note, effective as of June 29, 2020 (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 and (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 Investment Broker/Dealer Guaranty"; the JMP Investment Broker/Dealer Guaranty, the JMP Holding Broker/Dealer Guaranty and the Harvest 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 and the Harvest 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.

[Signature page follows]

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

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

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

JMP INVESTMENT HOLDINGS LLC,
a Delaware limited liability company

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

[SIGNATURE PAGE TO REAFFIRMATION AND CONSENT]

AMENDMENT NUMBER SEVEN TO SECOND
AMENDED AND RESTATED CREDIT AGREEMENT

This **AMENDMENT NUMBER SEVEN TO SECOND AMENDED AND RESTATED CREDIT AGREEMENT** (this "Amendment"), dated as of July 16, 2020, is entered into by and between **JMP HOLDING LLC**, formerly known as JMP Group LLC, a Delaware limited liability company ("Borrower"), the lenders from time to time party to the below-defined Credit Agreement (together with their respective successors and assigns, each a "Lender" and collectively, the "Lenders") and **CITY NATIONAL BANK**, a national banking association ("CNB"), as the administrative agent for the Lenders, (in such capacity, together with its successors and assigns in such capacity, the "Agent") , and in light of the following:

WITNESSETH

WHEREAS, Borrower, Agent and the Lenders are party to that certain Second Amended and Restated Credit Agreement, dated as of April 30, 2014 (as amended and in effect immediately prior to the effectiveness of this Amendment, the "Existing Credit Agreement"; the Existing Credit Agreement, as amended by this Amendment, is referred to herein as the "Credit Agreement");

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

WHEREAS, upon the terms and conditions set forth herein, Agent and the Lenders are willing to accommodate 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.

2. **AMENDMENTS TO EXISTING CREDIT AGREEMENT**. On the terms and subject to the conditions of this Amendment:

(a) The definition of "Permitted Liens" in Section 1.1 of the Credit Agreement is hereby amended by deleting "; and" and adding the following new clause (l) at the immediately end thereof:

> "; and (l) Liens against the assets of JMP Securities securing obligations of JMP Securities in favor of National Financial Services LLC and its affiliates, in an aggregate amount not to exceed $250,000, and Mirae Asset Securities (USA) Inc. and its affiliates, in an aggregate amount not to exceed $1,000,000, in each case, pursuant to clearing agreements entered into in the ordinary course of business."

(b) Section 2.3(c) of the Credit Agreement is hereby amended by replacing the percentage "2.25" with the percentage "2.00";

(c) Section 2.9 of the Credit Agreement is hereby amended by adding the following provision at the immediate end of the first sentence thereof:

"; provided that, notwithstanding anything to the contrary set forth herein or in any Loan Document, the Borrower shall not terminate or reduce any Revolving Credit Facility Commitment prior to the Final Revolving Commitment Termination Date."

(d) The Credit Agreement is hereby amended to add the following new Section 5.8 at the immediate end of Article V:

"5.8. Specified Pledged CLO Securities. (a) At all times during the term of this Agreement, (i) the Borrower shall maintain CLO Securities of JMP Credit Advisors CLO III Ltd. with a fair market value as of June 30, 2020 of at least equal to $2,000,000, (ii) the Borrower shall maintain CLO Securities of JMP Credit Advisors CLO IV Ltd. with a fair market value as of June 30, 2020 of at least equal to $2,000,000 and (iii) JMP Investment Holdings LLC shall maintain CLO Securities of JMP Credit Advisors CLO V Ltd. with a fair market value as of June 30, 2020 of at least equal to $2,000,000 (such CLO Securities specified in the foregoing clauses (i), (ii) and (iii), the "Specified Pledged CLO Securities"), in each case, in a segregated securities account, which account shall indicate that it is and shall be pledged as collateral in favor of the Agent for the benefit of the Lender Group and the Bank Product Providers.

(b) Notwithstanding anything to the contrary set forth herein or in any Loan Document, (i) no Specified Pledged CLO Securities shall be sold, assigned, transferred, conveyed, or otherwise disposed of or released as Collateral and (ii) no Borrower or any Affiliate thereof shall exercise any right to call any CLO Entity that has issued any Specified Pledged CLE Securities or cause the liquidation of any such CLO Entity, in each case, prior to the repayment in full of the Obligations (other than unasserted contingent liabilities). "

3. REPRESENTATIONS AND WARRANTIES. Borrower hereby represents and warrants to Agent and the Lenders 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 Agent or any 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. Agent shall have received this Amendment, duly executed by Borrower, and the same shall be in full force and effect;

b. Agent shall have received a reaffirmation and consent (the "Reaffirmation and Consent") substantially in the form attached hereto as Exhibit A, duly executed and delivered by each Person 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) after giving effect to this Amendment;

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.

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 Agent 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 Agent).

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. 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.

9. COUNTERPARTS; ELECTRONIC 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 Existing 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 Agent or any 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**. 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. 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 Agent 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.

[Signature pages follow.]

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: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

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

AGENT AND LENDER:

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

By: /s/ Eric Lo
Name: Eric Lo
Title: Senior Vice President

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

<u>EXHIBIT A</u>
REAFFIRMATION AND CONSENT

All capitalized terms used herein but not otherwise defined herein shall have the meanings ascribed to them in (a) that certain Second Amended and Restated Credit Agreement entered into between **JMP HOLDING LLC**, formerly known as JMP Group LLC, a Delaware limited liability company ("<u>Borrower</u>"), the lenders from time to time party to the below-defined Credit Agreement (together with their respective successors and assigns, each a "<u>Lender</u>" and collectively, the "<u>Lenders</u>"), and **CITY NATIONAL BANK**, a national banking association ("<u>CNB</u>"), as the administrative agent for the Lenders, (in such capacity, together with its successors and assigns in such capacity, the "<u>Agent</u>"), dated as of April 30, 2014 (as amended, restated, supplemented or otherwise modified from time to time, the "<u>Credit Agreement</u>"), (b) that certain Amendment Number One to Second Amended and Restated Credit Agreement, dated as of April 25, 2016, by and among Borrower, Agent and the Lenders, (c) that certain Amendment Number Two to Second Amended and Restated Credit Agreement, dated as of August 24, 2016, by and among Borrower, Agent and the Lenders, (d) that certain Amendment Number Three to Second Amended and Restated Credit Agreement, dated as of May 12, 2017, by and among Borrower, Agent and the Lenders, (e) that certain Amendment Number Four to Second Amended and Restated Credit Agreement, dated as of August 6, 2018, by and among Borrower, Agent and Lenders, (f) that certain Amendment Number Five to Second Amended and Restated Credit Agreement, dated as of July 1, 2019, by and among Borrower, Agent and Lenders, (g) that certain Amendment Number Six to Second Amended and Restated Credit Agreement, dated as of September 5, 2019, by and among Borrower, Agent and Lenders and (h) that certain Amendment Number Seven to Second Amended and Restated Credit Agreement, dated as of July 16, 2020 (the "<u>Amendment</u>") by and among Borrower, Agent and Lenders. The undersigned hereby (a) represents and warrants to Agent and the Lenders 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 Agent and the Lenders 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 Agent and the Lenders have 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 pages 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: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP ASSET MANAGEMENT INC.,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP INVESTMENT HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP ASSET MANAGEMENT LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP CAPITAL LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

Exhibit A

JMP CAPITAL I MANAGING MEMBER LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

HARVEST CAPITAL STRATEGIES HOLDINGS LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP REALTY I LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP REALTY II LLC,
a Delaware limited liability company

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

JMP GROUP INC.,
a Delaware corporation

By: /s/ Raymond Jackson
Name: Raymond Jackson
Title: Chief Financial Officer

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, 2020 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 11, 2020

/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, 2020 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 11, 2020

/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, 2020, 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 11, 2020

/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, 2020, 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 11, 2020

/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.