

JMP Group Inc.
Form 424B5
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Registration No. 333-183619

PROSPECTUS SUPPLEMENT

(To prospectus dated September 19, 2012)

\$42,000,000

JMP Group Inc.

7.25% Senior Notes due 2021

We are offering \$42,000,000 principal amount of 7.25% Senior Notes due 2021 (the “notes”). Interest on the notes will accrue from January 29, 2014 and will be paid quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2014. The notes will mature on January 15, 2021. We may redeem the notes in whole or in part on or after January 15, 2017, at our option at a redemption price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption, as described under “Description of Notes—Optional Redemption.” The notes will be issued in denominations of \$25 and in integral multiples thereof.

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

Investing in our notes involves risks that are described in the “Risk Factors” section beginning on page S-4 of this prospectus supplement, and the documents incorporated by reference herein.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

We intend to apply to list the notes on the New York Stock Exchange (“NYSE”) and expect trading in the notes to begin within 30 days of January 29, 2014, the original issue date.

	Price to Public(1)	Underwriting Discount(3)	Proceeds to JMP Group, Inc. Before Expenses(1)
Per note	\$ 25.00	\$ 0.75	\$ 24.25
Total notes(2)	\$ 42,000,000	\$ 1,260,000	\$40,740,000

(1) Plus accrued interest from January 29, 2014, if the initial settlement occurs after that date.

(2) Assumes no exercise of the underwriters’ overallotment option described below.

(3) We have agreed to reimburse the underwriters for certain expenses in connection with this offering. See “Underwriting (Conflicts of Interest).”

The underwriters may also purchase up to an additional \$6,300,000 principal amount of notes from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus supplement, to cover overallotments, if any. If the underwriters exercise this option in full, the total underwriting discount will be \$1,449,000, and our total proceeds, before expenses, will be \$46,851,000.

The underwriters expect to deliver the notes to purchasers in book-entry only form through the facilities of The Depository Trust Company for the accounts of its participants, including Euroclear Bank S.A./N.V., as operator of the Euroclear System, and Clearstream Banking, *société anonyme*, on or about January 29, 2014.

Joint Book-Running Managers

Keefe, Bruyette & Woods Jefferies JMP Securities
A Stifel Company
Lead Manager

Sterne Agee

Co-Manager

Gilford Securities

The date of this prospectus supplement is January 22, 2014.

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ABOUT THIS PROSPECTUS SUPPLEMENT

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer and sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this notes offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part, the accompanying prospectus, provides more general information. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. To the extent there is a conflict between the information contained in this prospectus supplement and the information contained in the accompanying prospectus or any document incorporated by reference therein filed prior to the date of this prospectus supplement, you should rely on the information in this prospectus supplement. If any statement in one of these documents is inconsistent with a statement in another document having a later date — for example, a document incorporated by reference in the accompanying prospectus — the statement in the document having the later date modifies or supersedes the earlier statement.

Unless we indicate otherwise, the words “we,” “our,” “us” and “Company” refer to JMP Group Inc. (“JMP”), and its direct and indirect wholly-owned subsidiaries, including JMP Group LLC (“JMPG LLC”), JMP Securities LLC (“JMP Securities”), Harvest Capital Strategies LLC (“HCS”), JMP Capital LLC (“JMP Capital”), JMP Credit Corporation (“JMP Credit”) and JMP Credit Advisors LLC (“JMP Credit Advisors”).

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement, including the documents we incorporate by reference therein or that are deemed to be a part thereof, contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Such statements include, without limitation, statements regarding our expectations, hopes or intentions regarding the future. These forward looking statements can often be identified by their use of words such as “expect,” “believe,” “anticipate,” “outlook,” “could,” “target,” “project,” “intend,” “plan,” “seek,” “should,” “may” and “assume,” as well as variations of such words and similar expressions referring to the future. They also include statements concerning anticipated revenues, income or loss, capital expenditures, dividends, capital structure or other financial terms. For a non-exhaustive list of factors that could cause future results to differ materially from those expressed or implied by forward-looking statements or from historical results, please refer to the “Special Note

Regarding Forward-Looking Statements” in our Annual Report on Form 10-K for the year ended December 31, 2012.

Forward-looking statements involve certain risks and uncertainties, many of which are beyond our control. If any of those risks and uncertainties materialize, actual results could differ materially from those discussed in any such forward-looking statement. Additional factors that could cause actual results to differ materially from those discussed in forward-looking statements are those discussed under the heading “Risk Factors” in this prospectus supplement and in other sections of (i) our Annual Report on Form 10-K for the year ended December 31, 2012 or (ii) our other reports filed from time to time with the Securities and Exchange Commission (the “SEC”) that are incorporated by reference into this prospectus supplement and the accompanying prospectus. See “Where You Can Find Additional Information” for information about how to obtain copies of those documents.

All forward-looking statements in this prospectus supplement, the prospectus and the documents incorporated by reference therein are made only as of the date of the document in which they are contained, based on information available to us as of the date of that document, and we caution you not to place undue reliance on forward-looking statements in light of the risks and uncertainties associated with them. Except as required by law, we undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

SUMMARY

The following information about this offering summarizes, and should be read in conjunction with, the information contained in this prospectus supplement and in the accompanying prospectus, and the documents incorporated therein by reference.

About JMP Group Inc.

We are a full-service investment banking and asset management firm. We provide investment banking, sales and trading, and equity research services to corporate and institutional clients, and alternative asset management products and services to institutional investors and high net-worth individuals. In addition, we manage and invest in corporate credit instruments through collateralized loan obligations and direct investments, and we serve as the investment advisor to a business development company under the Investment Company Act of 1940.

We focus our efforts on small- and middle-market companies in the following four growth industries: financial services, healthcare, real estate, and technology. Our specialization in these areas has enabled us to develop recognized expertise and to cultivate extensive industry relationships. As a result, we have established our firm as a key advisor for our corporate clients, a trusted resource for institutional investors, and an effective investment manager for our asset management clients. We currently operate from our headquarters in San Francisco and from additional offices in New York, Boston, Chicago, Minneapolis and Alpharetta, Georgia.

We provide our corporate clients with a wide variety of services, including strategic advice and capital raising solutions, sales and trading support, and equity research coverage. We provide institutional investors with capital markets intelligence and objective, informed investment recommendations about individual equities that are not widely followed. We believe that our concentration on small and middle-market companies, as well as our broad range of product offerings, positions us as a leader in what has traditionally been an underserved and high-growth market.

The selection of our four target industries, the development of multiple products and services and the establishment of our four revenue-producing business lines—investment banking, sales and trading, equity research and asset management—has created a diversified business model, especially when compared to that of our more specialized competitors. We have been able to balance somewhat volatile revenue streams from our investment banking activities and incentive-based asset management fees with more stable revenue streams from our sales and trading commissions and base asset management fees. In addition, our target industries have historically performed, in certain respects,

counter-cyclically to one another, allowing us to win business and generate revenues in various economic and capital markets conditions.

In 2009, as part of our ongoing efforts to diversify our asset management business, we acquired a corporate credit business that operates as a manager of collateralized loan obligations (“CLOs”). As of September 30, 2013, we managed two CLOs with approximately \$778 million of assets under management. In 2011, we launched a specialty finance company that provides customized financing to small and mid-sized businesses. In May 2013, this specialty finance company converted into a business development company under the Investment Company Act of 1940 named Harvest Capital Credit Corporation (“HCAP”), and completed an initial public offering. We are serving as HCAP’s investment advisor through HCAP Advisors LLC (“HCAP Advisors”), our majority-owned subsidiary.

We currently conduct our brokerage business through JMP Securities, our asset management business through HCS and HCAP Advisors, our corporate credit business through JMP Credit Corporation (“JMP Credit”) and JMP Credit Advisors LLC (“JMPCA”) and certain principal investments through JMP Capital LLC (“JMP Capital”).

THE OFFERING

The summary below describes the principal terms of the notes. Some of the terms and conditions described below are subject to important limitations and exceptions. See “Description of Notes” for a more detailed description of the terms and conditions of the notes. All capitalized terms not defined herein have the meanings specified in “Description of Notes.”

Issuer	JMP Group Inc.
Notes Offered	\$42.0 million aggregate principal amount of 7.25% notes due 2021 (\$48.3 million aggregate principal amount if the underwriters’ overallotment option is exercised in full).
Offering Price	100% of the principal amount.
Maturity	The notes will mature on January 15, 2021, unless redeemed prior to maturity.
Interest Rate and Payment Dates	We will pay 7.25% interest per annum on the principal amount of the notes, payable quarterly in arrears on January 15, April 15, July 15 and October 15 of each year, commencing on April 15, 2014, and at maturity.
Ranking	The notes will be our general unsecured senior obligations, will rank equally in right of payment with all of our existing and future senior unsecured indebtedness and will be senior to any other indebtedness expressly made subordinate to the notes. The

notes will be effectively subordinated in right of payment to all of our existing and future secured obligations to the extent of the value of the assets securing such indebtedness. The notes will be structurally subordinated to all existing and future indebtedness and liabilities of our subsidiaries. As of September 30, 2013 (after taking into account any payments under the JMPG LLC credit agreement that day), none of our subsidiaries had any indebtedness outstanding, except for \$17.2 million of term loan borrowings by JMPG LLC under its credit facility. This does not include indebtedness of Cratos CLO I, Ltd. (“CLO I”), JMPCA CLO II Ltd. (“CLO II”) and Harvest Growth Capital II LLC (“HGC II”), which indebtedness is consolidated in our financial statements, together with the loans collateralizing the indebtedness of CLO I and CLO II, for financial reporting purposes. During the fourth quarter of 2013, the outstanding balance of \$2.2 million of a term loan borrowed by JMPG LLC was repaid in full.

Optional Redemption

We may redeem the notes, in whole or in part, on or after January 15, 2017, at our option, at any time and from time to time, prior to maturity at a price equal to 100% of their principal amount, plus accrued and unpaid interest to the date of redemption. See “Description of Notes—Optional Redemption” for additional details.

Use of Proceeds

We will use the net proceeds from this offering for general corporate purposes. For additional information, see “Use of Proceeds.”

Further Issuances

We may create and issue further notes ranking equally and ratably with the notes in all respects, so that such further notes shall constitute and form a single series with the notes and shall have the same terms as to status, redemption or otherwise as the notes; provided that such further notes are fungible for United States federal income tax purposes with the notes.

Listing

We intend to apply to list the notes on the NYSE. We expect trading in the notes to begin within 30 days of January 29, 2014, the original issue date.

Form and Denomination The notes will be issued in fully registered form in denominations of \$25 and integral multiples thereof.

Trustee and Paying Agent U.S. Bank National Association.

Governing Law The indenture and the notes will be governed by the laws of the State of New York.

Conflicts of Interest JMP Securities LLC, our wholly-owned subsidiary, is a member of the Financial Industry Regulatory Authority, Inc. (“FINRA”), and may participate in distributions of the offered securities. Accordingly, offerings of offered securities in which JMP Securities LLC participates will conform to the requirements set forth in FINRA Rule 5121 and/or any other rule which might complement, substitute or supersede FINRA Rule 5121, and Keefe, Bruyette & Woods, Inc. will act as “qualified independent underwriter” for this offering. Additionally, client accounts over which JMP Securities LLC or any affiliate has investment discretion are not permitted to purchase the notes, either directly or indirectly, without the specific written approval of the accountholder. See “Underwriting (Conflicts of Interest)—Conflicts of Interest.”

RISK FACTORS

Before you invest in our notes, you should know that making such an investment involves significant risks, including the risks described below. You should carefully consider the following information about these risks, together with the other information contained in this prospectus and the information incorporated by reference, including risk factors contained in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2012, before purchasing the notes offered pursuant to this prospectus supplement. The risks that we have highlighted here are not the only ones that we face. For example, additional risks presently unknown to us or that we currently consider immaterial or unlikely to occur could also impair our operations. If any of the risks actually occurs, our business, financial condition or results of operations could be negatively affected.

Risks Relating to This Offering

Increased leverage as a result of this offering may harm our financial condition and results of operations.

As of September 30, 2013 (after taking into account any payments under the JMPG LLC credit agreement that day), our total indebtedness was approximately \$63.2 million, which consisted of \$46 million in principal amount of senior notes and term loan borrowings of \$17.2 million by JMPG LLC under its credit facility. This does not include asset-backed securities of CLO I and CLO II and indebtedness of HGC II, which are consolidated in our financial statements, together with the loans collateralizing the asset-backed securities of CLO I and CLO II, for financial reporting purposes, even though CLO I, CLO II and HGCII are bankruptcy remote entities with no recourse to us. During the fourth quarter of 2013, the outstanding balance of \$2.2 million of a term loan borrowed by JMPG LLC was repaid in full. Our level of indebtedness could have important consequences to you, because:

it could affect our ability to satisfy our financial obligations, including those relating to the notes;

a substantial portion of our cash flows from operations will have to be dedicated to interest and principal payments and may not be available for operations, working capital, capital expenditures, expansion, acquisitions or general corporate or other purposes;

it may impair our ability to obtain additional financing in the future;

it may limit our ability to refinance all or a portion of our indebtedness on or before maturity;

it may limit our flexibility in planning for, or reacting to, changes in our business and industry; and

it may make us more vulnerable to downturns in our business, our industry or the economy in general.

Our operations may not generate sufficient cash to enable us to service our debt. If we fail to make a payment on the notes or fail to maintain a minimum level of liquidity, we could be in default on the notes, and this default could cause us to be in default on our other outstanding indebtedness. Conversely, a default on our other outstanding indebtedness may cause a default under the notes. In addition, we may incur additional indebtedness in the future, and, as a result, the related risks that we now face, including those described above, could intensify. A default, if not waived, could result in acceleration of the debt outstanding under the related agreement. If that should occur, we may not be able to pay all such debt or to borrow sufficient funds to refinance it. Even if new financing were then available, it may not be on terms that are acceptable to us. The indenture for the notes will not restrict our ability to incur additional indebtedness.

The notes are our obligations and not obligations of our subsidiaries and will be effectively subordinated to the claims of our subsidiaries' creditors.

The notes are exclusively our obligations and not those of our subsidiaries. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the notes, depend upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us. Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the notes or to provide us with funds to pay our obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us would be subject to regulatory or contractual restrictions. For instance, if JMP Group LLC, our wholly owned subsidiary and the parent company of our other subsidiaries, fails to meet a financial covenant or otherwise defaults under the terms of its existing credit agreement, it will not be permitted to pay any dividends or make any other distributions to us. See "Description of Certain Indebtedness" in this prospectus supplement. Payments to us by our subsidiaries also will be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and, therefore, the right of the holders of the notes to participate in those assets, will be effectively subordinated to the claims of those subsidiaries' creditors, including senior and subordinated debtholders and general trade creditors. As of September 30, 2013 (after taking into account any payments under the JMPG LLC credit agreement that day), none of our subsidiaries had any indebtedness outstanding, except for \$17.2 million of term loan borrowings by JMPG LLC under its credit facility (excluding the indebtedness of CLO I, CLO II and HGC II, which are consolidated in our financial statements, together with the loans collateralizing the indebtedness in the case of CLO I and CLO II, for financial reporting purposes). In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of those subsidiaries and any indebtedness of those subsidiaries senior to that held by us. During the fourth quarter of 2013, the outstanding balance of \$2.2 million of a term loan borrowed by JMPG LLC was repaid in full.

We have made only limited covenants in the indenture governing the notes, and these limited covenants may not protect your investment.

The indenture governing the notes does not:

require us to maintain any financial ratios or specific levels of net worth, revenues, income or cash flows and, accordingly, does not protect holders of the notes in the event that we experience significant adverse changes in our financial condition or results of operations;

limit our subsidiaries' ability to incur indebtedness which would effectively rank senior to the notes;

limit our ability to incur secured indebtedness or indebtedness that is equal in right of payment to the notes;

restrict our subsidiaries' ability to issue securities that would be senior to the common stock of our subsidiaries held by us;

restrict our ability to repurchase our securities;

restrict our ability to pledge our assets or those of our subsidiaries; or

restrict our ability to make investments or to pay dividends or make other payments in respect of our common stock or other securities ranking junior to the notes.

Furthermore, the indenture for the notes contains only limited protections in the event of a change in control and does not require us to repurchase the notes upon a change of control. We could engage in many types of transactions, such as acquisitions, refinancings or recapitalizations that could substantially affect our capital structure and the value of the notes. For these reasons, you should not consider the covenants in the indenture or the repurchase features of the notes as a significant factor in evaluating whether to invest in the notes.

We may redeem the notes before maturity, and you may be unable to reinvest the proceeds at the same or a higher rate of return.

We may redeem all or a portion of the notes at any time on or after January 15, 2017. The redemption price will equal the principal amount being redeemed, plus accrued and unpaid interest to the redemption date. See “Description of the Notes—Optional Redemption.” If a redemption does occur, you may be unable to reinvest the money you receive in the redemption at a rate that is equal to or higher than the rate of return on the notes.

If an active trading market does not develop for the notes, you may be unable to sell your notes or to sell your notes at a price that you deem sufficient.

The notes are a new issue of securities for which there is currently no public market. Although we intend to apply to list the notes on the NYSE, we cannot assure you that the notes will be approved for listing. The notes have not been approved for listing as of the date of this prospectus supplement. We have been informed by the underwriters that they intend, but are not obligated, to make a market for the notes should the notes not be approved for listing. If such a market were to develop, on the NYSE or otherwise, the notes could trade at prices which may be higher or lower than the initial offering price depending on many factors independent of our creditworthiness, including, among other things:

the time remaining to the maturity of the notes;

their subordination to the existing and future liabilities of our company and our subsidiaries;

the outstanding principal amount of the notes; and

the level, direction and volatility of market interest rates generally.

The notes will not be rated and we do not intend to seek a rating for the notes.

We do not intend to have the notes rated by any rating agency. Unrated securities usually trade at a discount to similar rated securities. As a result, there is a risk that the notes may trade at a price that is lower than they might otherwise trade if rated by a rating agency. It is possible, however, that one or more rating agencies might independently determine to assign a rating to the notes. In addition, we may elect to issue other securities for which we may seek to obtain a rating. If any ratings are assigned to the notes in the future or if we issue other securities with a rating, such ratings, if they are lower than market expectations or are subsequently lowered or withdrawn, could adversely affect the market for or the market value of the notes.

SELECTED HISTORICAL FINANCIAL INFORMATION

The summary historical financial information is derived from our audited consolidated financial statements as of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010, which are incorporated by reference into this prospectus supplement, and our audited financial statements as of December 31, 2010, 2009 and 2008 and for the years ended December 31, 2009 and 2008, which are not incorporated by reference into this prospectus supplement. The summary historical financial information for the nine months ended September 30, 2013 and 2012, and the historical balance sheet data as of September 30, 2013, have been derived from our unaudited condensed consolidated financial statements incorporated by reference into this prospectus supplement and should be read in conjunction with those unaudited consolidated financial statements and notes thereto. In the opinion of management, the interim financial information provided herein reflects all adjustments (consisting of normal and recurring adjustments) necessary for a fair statement of the data for the periods presented. Interim results are not necessarily indicative of the results to be expected for the entire fiscal year.

When you read this historical consolidated financial information, it is important that you also read the historical consolidated financial statements and related notes, as well as the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” each included in our Annual Report on Form 10-K for the year ended December 31, 2012, and the unaudited consolidated financial statements and related notes, as well as the section entitled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” each included in our Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, which are incorporated by reference into this prospectus supplement and the accompanying prospectus. See “Where You Can Find Additional Information.”

	Nine Months Ended September 30,		Year Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
<i>(In thousands, except per share data)</i>							
	(unaudited)		(audited)				
Revenues:							
Investment banking	\$52,301	\$38,010	\$ 50,982	\$46,114	\$45,577	\$39,924	\$27,249
Brokerage	17,924	16,275	21,903	25,461	28,259	34,004	35,731
Asset management fees	15,606	10,721	15,775	19,785	12,231	20,148	11,369
Principal transactions	4,849	12,309	10,537	1,615	3,421	18,517	(4,657)
Gain on sale and payoff of loans	1,591	3,016	7,255	16,997	39,363	22,268	—
Gain on repurchase of asset-backed securities issued	—	—	—	—	—	4,705	—
Gain on bargain purchase	—	—	—	—	—	1,179	—
Net dividend income	290	(25)	(29)	1,365	2,248	2,521	3,174
Other income	581	3,507	3,800	4,336	3,466	2,593	1,158
Non-interest revenues	93,142	83,813	110,223	115,673	134,565	145,859	74,024
Interest income	24,603	24,051	32,898	33,356	45,162	35,370	2,392
Interest expense	(25,825)	(29,573)	(39,993)	(35,747)	(33,687)	(25,924)	(408)
Net interest income (expense)	(1,222)	(5,522)	(7,095)	(2,391)	11,475	9,446	1,984
Provision for loan losses	(2,391)	(1,135)	(2,206)	(1,728)	(1,327)	(5,821)	(2,896)
Total net revenues after provision for loan losses	89,529	77,156	100,922	111,554	144,713	149,484	73,112
Non-interest expenses:							
Compensation and benefits	69,066	55,833	66,415	89,017	95,708	105,179	65,746
Administration	7,255	4,604	6,186	6,649	5,752	5,050	5,887
Brokerage, clearing and exchange fees	2,851	2,656	3,806	4,735	5,110	5,284	5,063
Travel and business development	2,991	2,435	3,387	3,681	3,447	2,396	3,472
Communications and technology	2,592	2,642	3,503	3,988	3,969	3,892	3,837
Occupancy	2,434	2,352	3,157	2,927	2,666	2,448	1,905
Professional fees	2,468	2,324	3,630	2,955	3,080	3,589	3,065
Depreciation	695	642	884	721	635	746	963
Impairment loss on purchased management contract	—	—	—	700	2,750	—	—
Other	649	282	420	426	611	555	20
Total non-interest expenses	91,001	73,770	91,388	115,799	123,728	129,139	89,958
Net income (loss) before income tax expense	(1,472)	3,386	9,534	(4,245)	20,985	20,345	(16,846)
Income tax expense (benefit)	178	(1,423)	1,581	(1,632)	8,577	7,663	(5,701)
Net income (loss)	1,650	4,809	7,953	(2,613)	12,408	12,682	(11,145)
Less: Net income (loss) attributable to nonredeemable non-controlling interest	(1,785)	7,380	5,196	(157)	2,805	1,872	(498)

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Net income (loss) attributable to JMP Group Inc.	\$ 135	\$(2,571)	\$ 2,757	\$(2,456)	\$ 9,603	\$ 10,810	\$(10,647)
Net income (loss) attributable to JMP Group Inc. per common share:							
Basic	\$0.01	\$(0.11)	0.12	\$(0.11)	\$0.44	\$0.52	\$(0.53)
Diluted	\$0.01	\$(0.11)	0.12	\$(0.11)	\$0.43	\$0.49	\$(0.53)
Dividends declared per common share	\$0.105	\$0.100	0.135	\$0.105	\$0.055	\$0.040	\$0.200
Weighted average common shares outstanding:							
Basic	22,271	22,564	22,582	22,118	21,646	20,791	20,211
Diluted	22,669	22,564	22,906	22,118	22,396	22,137	20,211

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be approximately \$40,290,000 after discounts, commissions and expenses related to this offering. The net proceeds from this offering will be used for general corporate purposes.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth our consolidated ratio of earnings to fixed charges for the periods indicated. For purposes of determining the ratio of earnings to fixed charges, “earnings” are defined as earnings from continuing operations before income taxes, and cumulative effect of a change in accounting principle adjusted to exclude income or loss from equity investees and noncontrolling interest in pre-tax income (loss) of subsidiaries that did not have fixed charges. “Fixed charges” consist of interest expense primarily related to borrowings under our credit facility and interest expense paid to the note holders in CLO I, the assets and liabilities of which are consolidated in our financial statements.

	Nine Months					
	Ended	Year Ended December 31,				
	September 30, 2013	2012	2011	2010	2009	2008
Pre-tax income (loss) from continuing operations adjusted to exclude income or loss from equity investees and noncontrolling interest in pre-tax income (loss) of subsidiaries with no fixed charges	\$(984,537)	\$4,751,211	\$(4,347,917)	\$18,589,575	\$12,265,841	\$(18,553,476)
Fixed charges:						
Interest expense on all indebtedness	\$25,825,599	39,993,216	\$35,747,267	\$33,687,462	\$25,924,278	\$402,733
Pre-tax income (loss) from continuing operations adjusted to	\$24,841,062	\$44,744,427	\$31,399,349	\$52,277,037	\$38,190,119	\$(18,150,743)

exclude income or loss
 from equity investees
 and noncontrolling
 interest in pre-tax
 income (loss) of
 subsidiaries with no
 fixed charges, plus fixed
 charges

Ratio of earnings to fixed charges	0.96x	1.12x	0.88x	1.55x	1.47x	—	(1)
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(1) Pre-tax income (loss) from continuing operations adjusted to exclude income or loss from equity investees for the year ended December 31, 2008 was inadequate to cover fixed charges. We would have needed additional pre-tax income from continuing operations of \$18,553,476 to achieve coverage of 1:1 in this period.

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Adjusted Ratio Of Operating Earnings To Fixed Charges

In addition to the GAAP financial information presented in this prospectus supplement, JMP Group presents an adjusted ratio of operating earnings to fixed charges, which is a non-GAAP financial measure. The non-GAAP financial measures presented should not be considered as substitutes for measures that are presented in a manner consistent with GAAP. Certain of the adjustments in adjusted operating pre-tax net income and adjusted fixed charges concern gains, losses or expenses that we expect to continue to recognize and the adjustment of these items should not be construed as an inference that these gains or expenses are unusual, infrequent or non-recurring. Therefore, we believe that both our GAAP measures and non-GAAP measures should be considered together. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies.

	Nine Months Ended					
	Year Ended December 31,					
	September					
	30,					
	2013	2012	2011	2010	2009	2008
	(dollars in thousands)					
Adjusted operating pre-tax net income (loss) adjusted to exclude income or loss from equity investees and noncontrolling interest in operating net income (loss) of subsidiaries with no fixed charges	\$14,213	\$28,916	\$29,254	\$35,290	\$17,278	\$(151)
Adjusted Fixed charges:						
Interest expense on all indebtedness excluding amortization of liquidity discounts on asset-backed securities issued	\$10,278	\$6,094	\$5,513	\$6,692	\$6,525	\$403
Adjusted operating pre-tax net income (loss) adjusted to exclude income or loss from equity investees and noncontrolling interest in pre-tax income (loss) of subsidiaries with no fixed charges, plus adjusted fixed charges	\$24,491	\$35,010	\$34,767	\$41,982	\$23,803	\$252
Adjusted ratio of operating earnings to fixed charges	2.38	x 5.74	x 6.31	x 6.27	x 3.65	x 0.63

Adjusted Operating Pre-Tax Net Income

Adjusted operating pre-tax net income is a non-GAAP financial measure that (i) reverses stock-based compensation expense related to equity awards granted in prior periods, (ii) adjusts for net deferred compensation in 2012 and 2013 (which shows compensation expense in the year in which it was earned, versus the year in which it was recognized as a GAAP expense), (iii) excludes the net amortization of liquidity discounts on loans held and asset-backed securities issued by JMP Credit Advisors CLO I, (iv) adjusts for expenses relating to HCAP initial public offering in 2013, (v) reverses unrealized mark-to-market gains or losses on the investment portfolio at HCAP as well as the reversal of previously recorded loan loss provisions, (vi) reverses net unrealized gains and losses on strategic equity investments and warrants, (vii) reverses the general loan loss provision associated with the loan portfolio of JMP Credit Advisors CLO II, (viii) excludes amortization expense related to an intangible asset, and (ix) excludes a bargain purchase gain resulting from the acquisition of Cratos Capital Partners by JMP Credit Corporation. Adjusted operating pre-tax and adjusted operating net income are different measures than operating net income and adjusted operating net income that we report in our quarterly earnings releases.

Adjusted Fixed Charges

Adjusted fixed charges is a non-GAAP financial measure that excludes from our interest expense on all indebtedness the amortization of liquidity discounts on asset-backed securities issued by JMP Credit Corporation, which is a non-cash expense that is included as an interest expense on our income statement.

We utilize adjusted operating pre-tax net income and adjusted fixed charges, and the resulting adjusted ratio of operating earnings to fixed charges, as additional devices to aid in understanding and analyzing JMP Group's financial results for the periods presented. We believe that the adjusted ratio of operating earnings to fixed charges provides useful information by excluding certain items that may not be representative of our core operating results or core business activities. We also believe that the adjusted ratio of operating earnings to fixed charges is a useful measure because it allows for a better evaluation of the performance of JMP Group's ongoing business and facilitates a meaningful comparison of the company's results in a given period to those in prior and future periods.

Reconciliations of JMP Group's non-GAAP measures for the periods presented are set forth below.

	Nine Months Ended					
	Year Ended December 31,					
	September					
	30,					
	2013	2012	2011	2010	2009	2008
	(dollars in thousands)					
Pre-tax income (loss) from continuing operations adjusted to exclude income or loss from equity investees and noncontrolling interest in pre-tax income (loss) of subsidiaries with no fixed charges	\$(985)	\$4,751	(4,348)	\$18,590	\$12,266	\$(18,553)
Add back (subtract):						
Compensation expense - IPO RSUs	—	—	778	2,576	3,161	3,900
Compensation expense - post-IPO RSUs	2,019	2,492	9,526	4,998	6,582	7,181
Compensation expense - stock option	658	—	—	—	—	—
Accounting adjustment – deferred compensation	(3,547)	(6,985)	—	—	—	—
Net amortization of liquidity discounts on loans and asset-backed securities issued	14,979	29,208	23,522	9,783	2,130	—
IPO related expense – Harvest Capital Credit	—	(450)	—	—	—	—
Unrealized mark-to-market (gain) loss - Harvest Capital Credit	610	(626)	17			