Capmark Financial Group Inc.
Report on the Balance Sheet as of September 30, 2011

FINANCIAL INFORMATION

Pursuant to Section 4.02(b) of the Indenture dated as of September 30, 2011 among Capmark Financial Group Inc., the Guarantors (as defined therein) and Wilmington Trust, National Association, as trustee and collateral agent for the Floating Rate First Lien A Notes Due 2014 and Floating Rate First Lien Extendible B Notes Due 2015.

CAPMARK FINANCIAL GROUP INC.

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FORWARD-LOOKING STATEMENTS

This Report on the Balance Sheet contains statements that are "forward-looking statements". Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. All statements contained herein that are not clearly historical in nature are forward-looking. In some cases, you can identify these statements by our use of forward-looking words such as "may," "will," "should," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential," "project," "intend," "could" or similar expressions. In particular, statements regarding our plans, strategies, prospects and expectations regarding our business are forward-looking statements. You should be aware that these statements and any other forward-looking statements in this document only reflect our beliefs, assumptions and expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond our control and may cause actual results and performance to differ materially from our expectations.

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us or are within our control. If a change occurs, our business, financial condition, and liquidity may vary materially from those expressed in our forward-looking statements.

Accordingly, you should not place undue reliance on the forward-looking statements contained in this Report on the Balance Sheet. These forward-looking statements are made only as of the date of this Report on the Balance Sheet. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

BUSINESS

Our Company

Capmark Financial Group Inc., together with its consolidated subsidiaries, is a real estate finance company focused on the management of its commercial real estate-related assets and businesses. Through our operating subsidiaries, we conduct our business primarily in North America and Asia. As of September 30, 2011, we had approximately 250 employees located in 10 offices in the United States and one office in Japan.

On October 25, 2009, Capmark Financial Group Inc. (Capmark Financial Group Inc. prior to its emergence from bankruptcy is referred to as "Predecessor CFGI") and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code ("chapter 11 of the Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware. On January 15, 2010, Capmark Investments LP and on July 29, 2010, Protech Holdings C LLC commenced their respective voluntary cases under chapter 11 of the Bankruptcy Code. The entities which filed voluntary cases under chapter 11 of the Bankruptcy Code are referred to herein as the "Debtors". Certain of the Debtors, including Capmark Financial Group Inc. (Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as "Successor CFGI"), emerged from bankruptcy on September 30, 2011 ("Effective Date") pursuant to the Third Amended Joint Plan of Capmark Financial Group Inc. and certain of its subsidiaries and affiliates (the "Plan"). The Plan was effective for fourteen of the Debtors (the "Reorganized Debtors"), however, there are twenty-six Debtors which remained in bankruptcy as of September 30, 2011. Six of the Debtors' cases were dismissed on July 5, 2011. The remaining Debtors are primarily non-operating managing member entities associated with the Company's low-income housing tax credit ("LIHTC") business.

In accordance with the Plan, on the Effective Date, the existing common stock of Predecessor CFGI was cancelled and new Successor CFGI common stock ("Common Stock") was issued. In addition, on the Effective Date, the existing debt securities of Predecessor CFGI and the related guarantees provided by certain of its subsidiaries were cancelled. On the Effective Date, Successor CFGI issued $1.25 billion of new secured debt securities ("Secured Notes") which are guaranteed and secured by the assets of certain of its domestic subsidiaries, excluding Capmark Bank. The subsidiary guarantors of the Secured Notes are Capmark Finance LLC, Capmark Capital LLC, Capmark Affordable Equity Holdings LLC, Capmark Affordable Equity LLC, Capmark Affordable Properties LLC, Capmark REO Holding LLC, Commercial Equity Investments LLC, Property Equity Investments LLC, SJM Cap, LLC and Summit Crest Ventures, LLC (collectively, the "Guarantors," and together with Successor CFGI, the "Obligors"). In accordance with the Plan, a combination of cash, Secured Notes and Common Stock was distributed to the Plan disbursing agent on behalf of the holders of general unsecured claims against the Reorganized Debtors in satisfaction of their claims. As discussed below in "Liquidity and Capital Resources," on the Effective Date, Crystal Ball Holding of Bermuda Limited ("Crystal Ball"), one of the Company's wholly-owned subsidiaries, distributed $85.0 million in connection with a settlement reached between Crystal Ball and the holders of Unsecured Loans and Unsecured Notes (as defined below in "Liquidity and Capital Resources").

Successor CFGI continues to exist as the parent holding company. When we use the terms "Company," "we," "us" and "our," we mean Successor CFGI and its consolidated subsidiaries, except where it is clear that the term means only the parent company, Capmark Financial Group Inc. without consolidated subsidiaries.

The Company's business plan is primarily focused on the management of our existing assets and businesses. In connection with these activities, the Company may, among other things, advance additional funds to existing borrowers, extend or modify existing loans, or make investments in properties that are currently owned or may be acquired in the future. In addition, the Company has and will continue to implement numerous tactical and strategic initiatives in connection with our business plan, a number of which are already underway or complete, including the following:

- The Company has made targeted changes in the senior management of the enterprise, except at Capmark Bank, and made other changes within our employment and business group structures with a view towards achieving the Company's main ongoing objective of maximizing the value of our existing assets, including the elimination of positions that are not needed to implement the business plan.

- The Company sold a number of businesses that are not part of the ongoing business plan, including the North American mortgage banking and servicing businesses (December 2009); the European and Japanese servicing businesses (June 2009 and January 2010, respectively); the real estate equity and debt investment management businesses (March 2010 and May 2011, respectively); the new market tax credit management business (April 2011); the military housing business (December 2009); and the low income housing tax credit fund management business (sale agreement was signed in September 2011 and the initial sale closing occurred in October 2011).

- The Company has organized the personnel in each key business area so as to provide the necessary support for the post-confirmation business plan. In addition, the Company has engaged independent brokers, appraisers, attorneys, and other professionals with specific expertise in the types of assets, markets, and processes that are relevant to the collection, sale, workout, or other activities involved in realizing value from the Company's portfolio of assets.

- The Company conducts detailed, periodic reviews of each business unit's portfolio with senior management. Any material asset dispositions are subject to approval by senior management as well as Successor CFGI's board of directors or a committee of the board. Any material asset dispositions by Capmark Bank are also subject to approval by Capmark Bank senior management as well as Capmark Bank's board of directors or a committee of the board.

- The Company has established revised guidelines and approval processes for transactions that modify or otherwise restructure our assets to reflect the current business plan.

- The Company has achieved significant reductions in operating expenses. In addition to the elimination of personnel and expenses not required to carry out the business plan, certain other organizational changes and reductions have been and may continue to be made to reduce operating expenses. The Company plans to continue to manage operating expenses to a level commensurate with the size and complexity of our business over time.

As of September 30, 2011, our total assets were $10.0 billion, including $4.4 billion of loans held for sale and $669.9 million of real estate investments, and our stockholders' equity was $2.7 billion.

MANAGEMENT'S COMMENTARY ON FINANCIAL CONDITION

Our "Management's Commentary on Financial Condition" is organized as follows:

- *Basis of Presentation.* This section provides a discussion of the presentation of our consolidated statement of financial condition and a discussion of the application of fresh start accounting.

- *Critical Accounting Estimates.* This section discusses those accounting estimates that we consider important to our financial condition and that require us to exercise subjective or complex judgments in making estimates and assumptions.

- *Liquidity and Capital Resources.* This section provides an analysis of our liquidity and cash flows and discusses our financing arrangements.

- *Concentrations of Risk.* This section discusses our loans held for sale and real estate portfolio diversification, single risk exposures and non-performing assets.

- *Banking Regulation.* This section discusses the nature of certain regulatory matters relating to Capmark Bank.

Basis of Presentation

Presentation of Our Consolidated Balance Sheet

(in thousands)	Capmark Bank	Non –Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 1,641,887	$ 415,498	$ —	$ 2,057,385
Restricted cash	-	486,427	—	486,427
Accounts and other receivables	32,770	42,215	—	74,985
Investment securities available for sale	688,503	12,519	—	701,022
Loans held for sale	3,524,332	871,682	—	4,396,014
Real estate investments	193,004	476,891	—	669,895
Equity investments	104,865	255,051	(26,665)	333,251
Investment in subsidiary	—	1,835,851	(1,835,851)	—
Other assets	59,335	53,932	—	113,267
Assets of discontinued operations	—	1,119,857	—	1,119,857
Total assets	$ 6,244,696	$ 5,569,923	$ (1,862,516)	$ 9,952,103
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ 1,353,025	$ —	$ 1,353,025
Other borrowings	394,766	258,674	—	653,440
Deposit liabilities	3,926,004	-	—	3,926,004
Other liabilities	88,075	216,161	—	304,236
Liabilities of discontinued operations	—	555,084	—	555,084
Total liabilities	4,408,845	2,382,944	—	6,791,789
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	1,835,850	2,690,800	(1,835,850)	2,690,800
Total stockholders' equity	1,835,851	2,690,900	(1,835,851)	2,690,900
Noncontrolling interests	-	496,079	(26,665)	469,414
Total equity	1,835,851	3,186,979	(1,862,516)	3,160,314
Total liabilities and equity	$ 6,224,696	$ 5,569,923	$ (1,862,516)	$ 9,952,103

The consolidated balance sheet of the Company includes $10.0 billion of assets, primarily comprised of a portfolio of loans, real estate and real estate-related assets, of which $6.2 billion are held at Capmark Bank and $1.1 billion are associated with discontinued operations. Assets of the continuing operations also include $486.4 million of restricted cash that is restricted as to withdrawal or usage as further discussed below as part of Non-Capmark Bank assets from continuing operations. Substantially all of the assets of the Obligors are pledged as collateral for the Secured Notes.

The consolidated balance sheet of the Company also includes $6.8 billion of liabilities, of which $4.4 billion are at Capmark Bank and $555.1 million are associated with discontinued operations, and $469.4 million of noncontrolling interests in total equity. The vast majority of noncontrolling interests represents third-party investments in the net assets of entities, which are consolidated under ASC 810, *Consolidation* ("ASC 810"), and associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests. Capmark Bank's liabilities are primarily comprised of $3.9 billion of Federal Deposit Insurance Corporation ("FDIC") insured deposit liabilities and $394.8 million of fully secured Federal Home Loan Bank of Seattle ("FHLB") borrowings. The continuing operations of the Company include $1.25 billion of debt obligations for the Secured Notes. The excess cash flow generated by the Obligors is required to be utilized as payment for the Secured Notes as specified under the Secured Notes indenture. Liabilities of the continuing operations of the Company also include $258.7 million of other borrowings recognized on the Company's balance sheet as a result of accounting for certain transfers of financial assets as financings under ASC 860, *Transfers and Servicing* ("ASC 860").

Capmark Bank, a wholly-owned Utah industrial bank, is currently prohibited under cease and desist orders consented to on October 2, 2009 with the FDIC and the Utah Department of Financial Institutions ("UDFI") ("C&D Orders") from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor

CFGI. Accordingly, Successor CFGI does not currently expect to receive any dividends from Capmark Bank while the C&D Orders remain in effect. Capmark Bank was never a debtor in Predecessor CFGI's bankruptcy case. As of September 30, 2011, Capmark Bank's loan and real estate portfolio was comprised of 285 loans held for sale and real estate investments acquired through foreclosure, of which 187 were performing loans held for sale, 73 were non-performing loans held for sale and 25 were assets acquired through foreclosure. The aggregate fair value of the assets, excluding cash and cash equivalents, in Capmark Bank is $4.6 billion, of which approximately (i) $2.7 billion are comprised of performing loans held for sale, (ii) $825.0 million are comprised of non-performing loans held for sale, (iii) $239.9 million are comprised of real estate investments acquired through foreclosure and equity investments in entities that hold real estate investments acquired through foreclosure, (iv) $58.0 million is an equity investment in the capital stock of FHLB, (v) $688.5 million are comprised of investments available for sale and (vi) $92.1 million are receivables and other assets. Other assets primarily include the fair value of the derivative instruments held at September 30, 2011.

The following table summarizes asset information, by category, for the Non-Capmark Bank continuing operations as of September 30, 2011 (in thousands):

Total Non-Capmark Bank Assets from Continuing Operations	**North American Asset Management**	**Asia**	**Corporate & Other**	**September 30, 2011**
Cash and cash equivalents	$ —	$ 206,002	$ 209,496	$ 415,498
Restricted cash	—	1,031	485,396	486,427
Accounts and other receivables	18,079	5,225	18,911	42,215
Investment securities available for sale	—	—	12,519	12,519
Loans held for sale	771,195	10,334	90,153	871,682
Real estate investments	231,726	245,165	—	476,891
Equity investments	19,319	—	209,067	228,386
Other assets	8,355	4,880	40,697	53,932
Total Non-Capmark Bank assets	$ 1,048,674	$ 472,637	$ 1,066,239	$ 2,587,550

Our North American Asset Management operation is responsible for the management of the North American commercial mortgage loan and real estate acquired through foreclosure portfolio (excluding assets owned by Capmark Bank). As of September 30, 2011, the aggregate fair value of the assets in the North America Asset Management operation is $1.0 billion, of which approximately (i) $339.5 million are comprised of 35 performing loans held for sale, (ii) $189.9 million are comprised of 34 non-performing loans held for sale, (iii) $251.0 million are comprised of 26 real estate investments acquired through foreclosure and equity investments in entities that hold real estate investments acquired through foreclosure and (iv) $241.8 million are comprised of loans held for sale that are no longer owned by the Company, but continue to be recognized on the Company's balance sheet because the transfers of these loans to a third party were accounted for as financings under ASC 860. Also, accounts and other receivables of $18.1 million are primarily comprised of accrued interest receivable on performing loans and deferred interest receivable (also referred to as accrued success fees) on loans held for sale made to borrowers in connection with the Company's former new market tax credit program.

Our Asia operation manages a portfolio of 27 real estate investments located primarily in Japan. As of September 30, 2011, the aggregate fair value of the assets in the Asia operation is $265.6 million, excluding cash, cash equivalents and restricted cash. These assets primarily consist of (i) $193.5 million of real estate equity investments, (ii) $10.3 million of loans held for sale, and (iii) $51.7 million of loans held for sale that have been deemed to be in-substance foreclosures in accordance with accounting principles generally accepted in the United States of America ("GAAP") and are classified as real estate acquired through foreclosure. A portion of the net cash flows generated by the disposition of assets from the Asia operation are designated for payment of the outstanding balance owed under the Japanese Settlement Agreement. See further discussion of the Japanese Settlement Agreement in the Liquidity and Capital Resources section below.

Corporate and Other includes the remaining assets of continuing operations having an aggregate fair value of $371.3 million, excluding cash and cash equivalents and restricted cash. These assets primarily consist of (i) $182.6 million of limited partnership interests and membership interests in real estate equity investment funds and joint ventures, (ii) $26.2 million of limited partnership interests in real estate debt funds, and (iii) $84.2 million of loans originated by our former European operation. Restricted cash primarily consists of $361.0 million deposited with the Secured Notes indenture trustee for the October 2011 principal prepayment, $25.0 million of balances in escrow related to the Secured Notes, $19.6 million of balances in escrow for disputed administrative, priority and convenience class bankruptcy claims and $66.9 million of cash from entities that are no longer owned by the Company but continue to be recognized on the Company's balance sheet because derecognition criteria under GAAP have not been met.

Discontinued Operations

The consolidated balance sheet of the Company includes $1.1 billion of assets and $555.1 million of liabilities associated with discontinued operations. In addition, $448.6 million of noncontrolling interests included in total equity represent third-party investments in the net assets of entities, which are consolidated under ASC 810, and associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests.

The Company has an agreement to sell substantially all the assets of its LIHTC business to Hunt Companies, Inc. in a transaction approved by the Bankruptcy Court in September 2011 ("LIHTC Sale"). Under the terms of the $115.4 million sale agreement, the initial sale of assets for $63.1 million closed on October 7, 2011 and included those assets for which the Company had been able to achieve settlements and restructuring of the underlying transactions with counterparties as of that date. The sale agreement also includes provisions for future sales of assets for $52.3 million for the remainder of the asset portfolio following receipt of certain required third party consents. The future sales of the related assets are expected to occur no later than September 30, 2012. The LIHTC business is reflected on the consolidated balance sheet in the assets and liabilities of discontinued operations of the Company.

Fresh Start Accounting

Upon emergence from bankruptcy on September 30, 2011, we determined that fresh start accounting was applicable under the guidance established in ASC 852, *Reorganizations* ("ASC 852") as both (i) the Reorganized Debtors' reorganization value was less than total post-petition liabilities and allowed claims, and (ii) a change of control occurred as holders of Predecessor CFGI voting shares before the filing and confirmation of the Plan did not receive Common Stock in the reorganization. Accordingly, we adjusted the historical carrying values of our assets and liabilities to fair value and simultaneously determined the resulting implied fair value of our equity. The adoption of fresh start accounting had a material effect on the consolidated balance sheet as of September 30, 2011.

The application of fresh start accounting by our management was performed in a two-step valuation process. First, management recorded the reorganization equity value of the Common Stock of $1.8 billion that was included in the Second Amended Disclosure Statement for the Plan and approved by the Bankruptcy Court in connection with the confirmation of the Plan. Second, we re-measured all tangible assets and liabilities, other than deferred taxes, at fair value. Deferred tax values were determined in conformity with accounting requirements for income taxes in ASC 740, *Income Taxes* ("ASC 740"). The resulting net asset value totaled $2.7 billion. The fair value of net assets in excess of the reorganization equity value (approximately $844.7 million) is included as a component of capital paid in excess of par value on the consolidated balance sheet. See Note 3 of the consolidated balance sheet for further discussion of methodologies used to determine the reorganization equity value and the estimates of fair value. See Note 12 of the consolidated balance sheet for further discussion of the application of the asset and liability method in the accounting for income taxes in accordance of ASC 740.

Fair Value in Excess of Reorganization Value

In applying fresh start accounting on September 30, 2011, which generally follows the provisions of ASC 805, *Business Combinations* ("ASC 805"), we recorded the Company's assets and liabilities at fair value except for deferred income taxes. In conformity with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), we utilized several methodologies for estimating the fair value of assets and liabilities at the Effective Date. These estimates reflect the fair value for individual assets and liabilities and do not incorporate additional adjustments associated with the costs of selling the assets or settling the liabilities, management and operating expenses associated with retaining the assets or liabilities throughout their anticipated holding periods, or the time value of money associated with holding assets until their expected disposition date. Our reorganization value reflects expected free cash flows (inclusive of selling, management and other operating expenses) discounted at rates reflecting perceived business and financial risks. As of September 30, 2011, the differences in valuation approaches result in our net assets having a fair value, as determined under ASC 820, exceeding the Company's reorganization value. The excess of fair value of the Company's net assets over our reorganization value is approximately $844.7 million and is included as a component of capital paid in excess of par value on the consolidated balance sheet.

Summary of Impacts of Fresh Start Accounting

The effects of the implementation of the Plan and the application of fresh start accounting on our consolidated balance sheet as of September 30, 2011 are summarized in the table below. The adjustments set forth in the column captioned “Settlement of Liabilities” reflect the effects of the implementation of the Plan, including, among other things, the discharge and settlement of liabilities subject to compromise based on allowed claims against the Reorganized Debtors, the issuance of Common Stock to holders of allowed claims in satisfaction of such claims against the Reorganized Debtors and the incurrence of new indebtedness. The adjustments set forth in the column captioned “Retire Existing Equity” include, among other things, the cancellation of all mezzanine equity, common stock and capital paid in excess of par of Predecessor CFGI. The adjustments set forth in the column captioned “Fresh Start Accounting Adjustments” reflect, among other things, adjustments to the carrying values of our assets and liabilities to reflect their fair values and the elimination of retained deficit and accumulated other comprehensive income as a result of the application of fresh start accounting in accordance with ASC 852.

(in thousands)	Predecessor CFGI September 30, 2011 (1)	Settlement of Liabilities		Retire Existing Equity	Fresh Start Accounting Adjustments	Successor CFGI September 30, 2011
Assets						
Cash and cash equivalents	$ 3,459,444	$(1,402,059)	**(2)**	$ —	$ —	$ 2,057,385
Restricted cash	80,774	405,653	**(3)**	—	—	486,427
Accounts and other receivables	75,816	—		—	(831)	74,985
Investment securities available for sale	701,022	—		—	—	701,022
Loans held for sale	1,064,026	—		—	3,331,988	4,396,014
Loans held for investment	3,300,787	—		—	(3,300,787)	—
Real estate investments	650,206	—		—	19,689	669,895
Equity investments	323,588	—		—	9,663	333,251
Other assets	199,732	—		—	(86,465)	113,267
Assets of discontinued operations	1,182,593	—		—	(62,736)	1,119,857
Total assets	$11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103
Liabilities and Equity						
Liabilities:						
Debt	$ 6,863,077	$(6,499,264)	**(4)**	$ —	$ (252,771)	$ 111,042
Secured debt	—	1,250,000	**(5)**	—	(8,017)	1,241,983
Other borrowings	899,744	(250,001)	**(6)**	—	3,697	653,440
Deposit liabilities	3,874,388	—		—	51,616	3,926,004
Other liabilities	319,599	(88,097)	**(7)**	—	72,734	304,236
Liabilities of discontinued operations	530,277	(3,577)	**(7)**	—	28,384	555,084
Total liabilities	12,487,085	(5,590,939)		—	(104,357)	6,791,789
Commitments and Contingent Liabilities						
Mezzanine Equity	71,502	—		(71,502)	—	—
Equity:						
Common stock	413	100	**(8)**	(413)	—	100
Capital paid in excess of par value	2,066,855	1,846,121	**(8)**	253,878	(1,476,054)	2,690,800
Retained deficit	(4,261,910)	2,748,312		—	1,513,598	—
Total accumulated other comprehensive (loss) income, net of tax	181,963	—		(181,963)	—	—
Total stockholders’ equity	(2,012,679)	4,594,533		71,502	37,544	2,690,900
Noncontrolling interests	492,080	—		—	(22,666)	469,414
Total liabilities and equity	$ 11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103

Notes:

(1) Represents Predecessor CFGI balances immediately prior to the application of fresh start accounting.

(2) Includes $900.0 million Successor CFGI and certain of the Reorganized Debtors distributed to the Plan disbursing agent for the benefit of holders of the allowed general unsecured claims and the reserve for disputed general unsecured claims, $85.0 million in connection with a settlement reached between Crystal Ball and the holders of Unsecured Loans and Unsecured Notes (see Liquidity and Capital Resources – Crystal Ball Settlement Agreement for more information), $9.2 million for professional fees and $2.2 million for allowed administrative expense, priority and convenience class claims. Also includes cash transferred to restricted cash in (3) below.

(3) Includes $361.0 million deposited with the Secured Notes indenture trustee for an October 2011 initial principal prepayment, $25.0 million of balances in escrow for interest related to the Secured Notes and $19.6 million distributed to the Plan disbursing agent to fund the reserves for disputed administrative, priority and convenience class claims.

(4) Includes discharge of bankruptcy claim liabilities subject to compromise pursuant to the Plan consisting of $4.1 billion for the Unsecured Loans and $2.3 billion for the Unsecured Notes.

(5) Represents issuance of Secured Notes.

(6) Represents discharge of Predecessor CFGI trust preferred securities pursuant to the Plan.

(7) Represents discharge of bankruptcy claim liabilities subject to compromise pursuant to the Plan, excluding those in (4) and (6).

(8) Represents issuance of Common Stock.

Critical Accounting Estimates

The preparation of our consolidated balance sheet in accordance with GAAP requires our management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities. Our management regularly evaluates these estimates, judgments and assumptions based on available information and experience. Because the use of estimates, judgments and assumptions is inherent in the financial reporting process, actual results may differ from these estimates under different assumptions or conditions. Certain of our accounting policies require higher degrees of judgment and are more complex than others in their application. We implemented fresh start accounting in accordance with ASC 852 as of September 30, 2011. The Company re-measured all tangible assets and liabilities, other than deferred taxes, at fair value. See Note 3 of the consolidated balance sheet for further discussion of methodologies used to determine the estimates of fair value. See Note 12 of the consolidated balance sheet for further discussion of the application of the asset and liability method in accounting for income taxes in accordance of ASC 740.

Liquidity and Capital Resources

As of September 30, 2011, our continuing operations had $2.5 billion in total cash and cash equivalents (including restricted cash), of which $1.6 billion was held by Capmark Bank and $901.9 million was held by our other subsidiaries. In addition, Capmark Bank held $688.5 million of highly rated government agency and other short term investment securities that we consider to be similar to cash equivalents. Of the $901.9 million in cash and cash equivalents held by the Non-Capmark Bank subsidiaries, $361.0 million was paid to the trustee to fund an initial redemption of Secured Notes and $125.0 million was restricted under other contractual arrangements. The following table summarizes the cash, cash equivalents and restricted cash from continuing operations as of September 30, 2011 (in thousands):

Cash, Cash Equivalents and Restricted Cash	September 30, 2011
Capmark Bank:	
Cash and cash equivalents	$1,641,887
Non-Capmark Bank:	
Cash and cash equivalents – Asia operations	206,002
Cash and cash equivalents – Other Non-Capmark Bank	209,496
Cash and cash equivalents – Total Non-Capmark Bank	415,498
Restricted cash	486,427
Total cash, cash equivalents and restricted cash from continuing operations	$2,543,812

The following table summarizes the components of restricted cash from continuing operations as of September 30, 2011 (in thousands):

Restricted Cash	September 30, 2011
Secured Notes escrow for the October 2011 initial redemption payment	$ 361,041
Cash from consolidated variable interest entities	66,922
Secured Notes interest escrow	25,000
Bankruptcy disputed administrative, priority and convenience class claims escrow	19,612
Other	13,852
Restricted cash from continuing operations	$ 486,427

The Company expects to generate sufficient liquidity to meet our needs for cash in our Non-Capmark Bank operations over the next 12 months, including primarily paying our operating expenses and interest payments on the Secured Notes. The Company also expects that Capmark Bank will generate sufficient liquidity to meet its needs for cash for the next 12 months, including primarily paying its operating expenses and interest and principal due on maturing deposit liabilities and other liabilities.

Our primary sources of liquidity are expected to be (1) proceeds from the repayment of loans, (2) proceeds from the sale of loans, including discounted payoffs received in connection with loan workout efforts, and (3) proceeds from the sale of real estate acquired through foreclosure, equity investments and other assets in our portfolio. Capmark Bank is prohibited under the C&D Orders from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor CFGI. Accordingly, Successor CFGI does not currently expect to receive any dividends from Capmark Bank while the C&D Orders remain in effect.

As of September 30, 2011, the Company has commitments over the next five years to fund construction loans of $20.6 million, to fund other loans of $48.1 million and to provide equity to equity method investees of $26.6 million.

Financing Arrangements

The following table presents information concerning the financing arrangements that we had in place for our continuing operations as of September 30, 2011 (in thousands):

Financing Arrangements	Contractual Amount Outstanding	Weighted Average Remaining Maturity
		(months)
Capmark Bank:		
Brokered CDs (1)	$3,600,280	16
Institutional Time Deposits (1)	175,017	7
FHLB	391,069	16
Total Capmark Bank	4,166,366	16
Non-Capmark Bank:		
Secured Notes (2)	1,250,000	41
Japanese Settlement(3)	151,068	N/A
Secured borrowings (4)	258,674	N/A
Total Non-Capmark Bank	1,659,742	41
Total contractual amount outstanding of borrowings and deposit liabilities for continuing operations	$5,826,108	21

Notes:

(1) Term to maturity of brokered certificates of deposit ("Brokered CDs") and institutional time deposits is calculated using the contractual maturity date.

(2) Reflects the full principal amount of Secured Notes issued on September 30, 2011 without reduction for the $361.0 million redemption funded on the same date. Maturity is assumed to be the final contractual maturity date for each series of Secured Notes excluding extension periods.

(3) Represents the US Dollar equivalent at the September 30, 2011 spot exchange rate of the ¥11.7 billion of the liability to the Japanese lenders under the Japanese Settlement Agreement. See "Japanese Settlement Agreement" below for a discussion of the terms of this agreement.

(4) Represents secured borrowings that we recognized on the consolidated balance sheet under ASC 860. Recourse is limited to the assets related to these contractual arrangements. Other borrowings do not include certain liabilities related to our LIHTC business that are included in Discontinued Operations on our balance sheet. See Note 13 of Notes to Consolidated Balance Sheet.

Secured Notes

On September 30, 2011, pursuant to the Plan, the Company issued $1.25 billion of first lien Secured Notes. The Secured Notes were issued under an indenture dated September 30, 2011 ("Indenture") in two series: $750 million floating rate first lien A Notes priced at three-month LIBOR plus 5.00%, maturing September 30, 2014 and $500 million floating rate first lien extendible B Notes priced at three-month LIBOR plus 7.00%, maturing September 30, 2015. The three-month LIBOR interest rate for the Secured Notes, for an interest period, is the greater of 2.0% or the three-month LIBOR rate. The Secured Notes are guaranteed by the Guarantors. The maturity date of the first lien extendible B Note is September 30, 2015, but the maturity date may be extended by the Company in two successive 1 year periods. The Secured Notes are paid quarterly and, except in certain circumstances, there is no prepayment premium. The quarterly payment is based upon cash held in excess of working capital and certain other reserves and amounts as specified in the Indenture. The Indenture allows the Company to retain a certain amount for working capital purposes and a certain amount for payment of certain reorganization related professional fees, as determined by the Company. In addition, the Company was permitted to and did establish a $25.0 million interest reserve for payment of interest under the Indenture. The Secured Notes are secured by a first priority pledge (subject to permitted liens), security interest and lien on substantially all of the domestic loan assets, financial assets (including intercompany loans), equity interests (excluding the capital stock of Capmark Bank and certain other subsidiaries), and investments owned by the Obligors and the proceeds received from any such assets.

The terms of the Secured Notes prohibit the Obligors and certain subsidiaries from incurring indebtedness subject to certain exceptions. This limitation has no immediate impact on our funding or funding plans as we do not anticipate seeking additional sources of funding prior to the repayment of the Secured Notes.

The terms of the Secured Notes limit our ability to access the secured and unsecured debt markets. This limitation has no immediate impact on our funding or funding plans as we do not anticipate seeking additional sources of funding prior to the repayment of the Secured Notes, however, these limitations would make it more expensive and more difficult to access the unsecured debt markets in future periods if necessary.

The Company funded $361.0 million for an initial redemption of the floating rate first lien A Notes on September 30, 2011, which is included in Restricted Cash on the consolidated balance sheet. The principal payment on the floating rate first lien A Notes was effective on October 5, 2011.

The Company funded a $150.0 million optional redemption of the aggregate principal amount of the floating rate first lien A Notes on November 30, 2011. The principal payment on the floating rate first lien A Notes was effective on December 1, 2011.

The Company anticipates redeeming an additional amount of the floating rate first lien A Notes on January 31, 2012 for payment to noteholders effective February 1, 2012 based on the amount of excess cash projected as available at December 31, 2011.

Deposits

Capmark Bank previously obtained funding primarily by issuing Brokered CDs. Brokered CDs and other deposits issued by Capmark Bank are insured by the FDIC, subject to applicable limitations. As of September 30, 2011, Capmark Bank had aggregate deposit liabilities in Brokered CDs with an estimated fair value of $3.8 billion and aggregate liabilities in institutional time deposits with an estimated fair value of $175.7 million. Under the C&D Orders, Capmark Bank is prohibited from issuing Brokered CDs but may still issue deposits directly to institutions or other purchasers. In light of its strong liquidity position, Capmark Bank currently does not intend to issue a material amount of institutional deposits in the next twelve months.

FHLB

As of September 30, 2011, Capmark Bank had borrowings outstanding under a secured borrowing facility with the FHLB with an estimated fair value of $394.8 million and held a $58.0 million equity investment in FHLB capital stock, which was required in connection with the FHLB borrowings. Actual borrowing capacity on any business day is subject to change as individual qualifying investment securities and loans held for sale are routinely pledged and de-pledged by Capmark Bank in the normal course of business. Additionally, changes in asset performance and other collateral-specific criteria may affect whether an individual asset continues to qualify as collateral for Capmark Bank's outstanding borrowings at the FHLB.

If a reduction in qualifying collateral pledged at the FHLB reduces Capmark Bank's total borrowing capacity to a level below that needed to support then-outstanding secured borrowings, Capmark Bank is required to take one or more of the following remedial steps: (1) post additional collateral; (2) prepay a portion of the then-outstanding borrowings and/or; (3) post a cash deposit to adequately cover any remaining collateral shortfall. No material change in Capmark Bank's available borrowing capacity with the FHLB has occurred subsequent to September 30, 2011.

In 2009, the FHLB announced that it will not be paying quarterly dividends on its capital stock and it is not known when the payment of dividends might resume. The FHLB also suspended its practice of repurchasing excess stock in 2009 until further notice. As such, if Capmark Bank were to reduce its FHLB borrowings, we would likely continue to hold an excess of FHLB capital stock for an unspecified period of time.

Settlement of Japanese Loans under the Unsecured Credit Agreement ("Japanese Settlement Agreement")

On March 23, 2006, Predecessor CFGI and certain of its subsidiaries entered into a $5.5 billion unsecured credit agreement ("Credit Agreement") which included a $2.75 billion multi-currency revolving credit facility and a $2.75 billion multi-currency term loan facility each with a final maturity date of March 23, 2011. Two of the Company's subsidiaries, Capmark Japan KK and Capmark Funding Japan KK ("Japanese Borrowers") as well as Crystal Ball, Predecessor CFGI and certain of its other subsidiaries were severally, but not jointly, liable for their respective obligations under the Credit Agreement. In addition, Predecessor CFGI and certain of its subsidiaries were also guarantors of the obligations under the Credit Agreement and were jointly and severally liable for their respective obligations.

On the commencement date of the bankruptcy, the beneficial owners of the Japanese Yen denominated portions of the Credit Agreement ("Japanese Lenders") were owed ¥41.5 billion (approximately $450.1 million) (referred to herein as the "Japanese Loans"). Additionally, the Japanese Borrowers owed Predecessor CFGI and Capmark Finance LLC ("Capmark Finance") approximately ¥ 102.7 billion (approximately $1.1 billion) under intercompany loan agreements. In a settlement agreement approved by the Bankruptcy Court in January 2011 (the "Japanese Settlement Agreement"), the Japanese Borrowers agreed to an initial cash distribution to the Japanese Lenders, Predecessor CFGI and Capmark Finance in partial satisfaction of the outstanding amounts as well as all accrued and unpaid interest through the date of the distribution. In addition, future cash flows from the monetization of certain assets from the Japanese Borrowers' operations are to be distributed, on a pro rata basis based upon the outstanding principal balance of the Japanese Loans and intercompany loans. The Japanese Settlement Agreement also provided for the guarantee claim against Predecessor CFGI and its subsidiaries equal to 85 percent of the principal amount of the loans owed by the Japanese Borrowers as well as a commitment that insolvency proceedings would not be pursued against the Japanese Borrowers. Under the Plan, an initial distribution of $113.0 million in cash and Secured Notes along with 5.2 million shares of Common Stock was made on September 30, 2011 to the Plan's disbursing agent for the benefit of the Japanese Lenders in respect of their guarantee claims and the value of such consideration is deemed a repayment of principal outstanding on the Japanese Loans. Pursuant to the Plan, the claims of the Japanese Lenders under guarantees of the Japanese Loans were discharged against Successor CFGI and the other Reorganized Debtors. Consequently, the Japanese Borrowers are the only obligors on the remaining balance of the Japanese Loans under the terms of the Japanese Settlement Agreement.

In accordance with the Japanese Settlement Agreement, distributions to the Japanese Lenders, including distributions under the Company's Plan, shall not exceed 100% of the outstanding principal amounts due under the Japanese Loans at the effective date of the Japanese Settlement Agreement, plus any interest that has accrued on the outstanding amount thereof. Through September 30, 2011, the Japanese Borrowers have distributed ¥13.4 billion, ¥31.8 billion and ¥2.7 billion in cash to the Japanese Lenders, Capmark Finance and Predecessor CFGI, respectively.

At September 30, 2011, the amount owed under the Credit Agreement is ¥11.7 billion (approximately $151.1 million) and is reported on the consolidated balance sheet at its estimated fair value of $111.0 million, which is the present value of estimated future payments from the Japanese Borrowers to the Japanese Lenders under the Japanese Settlement Agreement discounted at 13.6%. This discount rate approximates the weighted average discount rate used in the fair value estimation of certain assets, the monetization of which will be distributed as described above. In accordance with the Japanese Settlement Agreement, the Japanese Borrowers made a ¥3.0 billion payment to the Japanese Lenders on October 7, 2011.

Crystal Ball Settlement Agreement

Crystal Ball was a guarantor of the Credit Agreement and unsecured bridge loan (collectively, the "Unsecured Loans") and the Predecessor Senior Unsecured 6.300% Notes, the Senior Unsecured Floating Rate Notes, and the Senior Unsecured 5.875% Notes (collectively, the "Unsecured Notes"). The obligations under the Unsecured Loans and Unsecured Notes were discharged in the Plan for the Reorganized Debtors; however, Crystal Ball was not a Debtor. To obtain a release from its guarantee obligations, Crystal Ball and the parties to the Unsecured Loans and Unsecured Notes entered into a settlement agreement in July 2011 (the "Crystal Ball Settlement Agreement") that was approved in connection with the Plan. The Crystal Ball Settlement Agreement, which was effective with the Plan, provides that on a quarterly basis Crystal Ball and its subsidiaries shall distribute all cash in excess of working capital needed to pay liabilities and expenses ("Net Cash") to the holders of the Unsecured Loans and the Unsecured Notes in accordance with the specific allocation set forth in the Plan. Crystal Ball made the initial payment of $85.0 million on the Effective Date. If Net Cash at the end of any fiscal quarter is less than $250 thousand, Crystal Ball may skip such quarterly payment and roll over such Net Cash to the next fiscal quarterly payment.

The estimated principal amount expected to be paid under the Crystal Ball Settlement Agreement at September 30, 2011 is included in other liabilities on the consolidated balance sheet at its estimated fair value of $41.4 million, which is the present value of estimated future payments under such agreement discounted at 13.6%. The discount rate approximates the weighted average discount rate used in the fair value estimation of certain assets, the monetization of which will be distributed as described in the Japanese Settlement Agreement above. In accordance with the Crystal Ball Settlement Agreement, Crystal Ball made a payment of $22.5 million to the holders of the Unsecured Loans and Unsecured Notes on October 18, 2011.

Secured Borrowings

The Company has secured borrowings related to transfers of financial assets where the transactions do not qualify as sales under ASC 860 and are accounted for as financings. The funds received are recorded as liabilities in other borrowings on the consolidated balance sheet. These liabilities are generally payable from the cash flows of the related assets which did not meet derecognition criteria under GAAP and continue to be recognized in the Company's consolidated balance sheet as restricted cash or loans held for sale.

Concentrations of Risk

Collateral Type Diversification of Our Loan Portfolio

The following table summarizes the composition of our loans held for sale portfolio as of September 30, 2011, in aggregate by collateral type (in thousands):

	September 30, 2011					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
(in thousands)						
Hospitality	$ 994,384	28%	$ 152,426	18%	$ 1,146,810	26%
Healthcare	865,578	25	52,212	6	917,790	21
Office	534,010	15	123,209	14	657,219	15
Multifamily	547,159	16	68,639	8	615,798	14
Retail	184,032	5	149,768	17	333,800	8
Mixed-use and other(1)	399,169	11	325,428	37	724,597	16
Total	$ 3,524,332	100%	$ 871,682	100%	$ 4,396,014	100%

Note:

(1) Mixed-use and other consists of loans secured by properties with more than one commercial real estate property type, loans secured by pools of mixed property types, plus loans secured by various other property types including, but not limited to, undeveloped land, industrial properties, condominiums, and golf courses.

Geographical Diversification of Our Loan Portfolio

The following table summarizes the composition of our loans held for sale portfolio by geographical location as of September 30, 2011(in thousands):

	September 30, 2011					
Location	**Capmark Bank**		**Non-Capmark Bank**		**Total**	
(in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Chicago	$ 358,646	10%	$ 10,776	1%	$ 369,422	8%
Southern California	288,663	8	67,515	8	356,178	8
Metropolitan New York	208,223	6	34,052	4	242,275	6
Dallas	190,590	6	36,273	4	226,863	5
Orlando	187,169	5	–	–	187,169	4
Washington, D.C.	170,848	5	11,920	2	182,768	4
San Francisco	173,191	5	–	–	173,191	4
Boston	148,886	4	26,066	3	174,952	4
Atlanta	91,523	3	63,082	7	154,605	4
Denver	76,346	2	36,118	4	112,464	3
New Orleans	–	–	45,175	5	45,175	1
New Haven, CT	8,279	–	34,273	4	42,552	1
Other—North America	1,621,968	46	417,429	48	2,039,397	46
Europe	–	–	78,669	9	78,669	2
Asia	–	–	10,334	1	10,334	–
Total	$ 3,524,332	100%	$ 871,682	100%	$ 4,396,014	100%

Our loan portfolio consists of loans used to finance properties in more than 73 markets, including all of the major metropolitan areas in the United States. Our Chicago concentration currently represents our largest geographic concentration at 8% of our geographical exposure as of September 30, 2011. The portfolio is spread across 303 loans and thirteen property types, with no one property type within any market comprising more than 5.1% of our total exposure. Our exposure in any geographic region is subject to the risk that the performance of the loans in that region could be harmed by an economic slowdown or the occurrence of a catastrophe in the region.

Single Risk Exposures in Our Loan Portfolio

As of September 30, 2011, we had 12 loans each with an unpaid principal balance that exceeded $50 million. Our unpaid principal with respect to these 12 loans totaled $906 million. Two of these loans are non-performing and maintained on non-accrual status. The unpaid principal balance related to these non-performing loans totaled $139 million as of September 30, 2011. The remaining ten loans are performing loans.

Collateral Type Diversification of Our Real Estate Investments Acquired Through Foreclosure Portfolio

The following table summarizes the composition of our real estate investments acquired through foreclosure portfolio, including those accounted for as equity investments in entities that hold foreclosed real estate assets, as of September 30, 2011, in aggregate by collateral type (in thousands):

	September 30, 2011					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
(in thousands)						
Office	$ 86,140	36%	$ 74,763	25%	$ 160,903	30%
Hospitality	49,407	21	31,634	11	81,041	15
Retail	9,870	4	55,237	19	65,107	12
Multifamily	10,000	4	15,908	5	25,908	5
Mixed-use and other	84,473	35	116,490	40	200,963	38
Total	$ 239,890	100%	$ 294,032	100%	$ 533,922	100%

Geographical Diversification of Our Real Estate Investments Acquired Through Foreclosure Portfolio

The following table summarizes the composition of our real estate investments acquired through foreclosure portfolio, including those accounted for as equity investments in entities that hold foreclosed real estate assets, by geographical location as of September 30, 2011 (in thousands):

	September 30, 2011					
Location	Capmark Bank		Non-Capmark Bank		Total	
(in thousands)	**Amount**	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Phoenix	$ 55,853	23%	$ 21,884	7%	$ 77,737	15%
West Palm Beach	15,132	7	–	–	15,132	3
Dallas	13,046	5	–	–	13,046	2
Denver	12,610	5	2,556	1	15,166	3
Austin	11,737	5	–	–	11,737	2
Washington D.C.	1,843	1	23,280	8	25,123	5
New York Metropolitan	20,220	8	6,503	2	26,723	5
Las Vegas	–	–	24,104	8	24,104	4
Norfolk	–	–	19,700	7	19,700	4
Raleigh	–	–	16,984	6	16,984	3
Other—North America	109,449	46	127,322	43	236,771	44
Asia	–	–	51,699	18	51,699	10
Total	$ 239,890	100%	$ 294,032	100%	$ 533,922	100%

Non-Performing Assets

Our non-performing assets consist of all of our originated loans that are on non-accrual status, real estate acquired through foreclosure and equity investments in entities that hold real estate acquired through foreclosure. At September 30, 2011, the fair values of real estate acquired through foreclosure and equity investments in entities that hold real estate acquired through foreclosure are $239.9 million at Capmark Bank and $294.0 million at Non-Capmark Bank. In addition, the following table presents information concerning our originated non-performing loans held for sale as of September 30, 2011 (in thousands):

	September 30, 2011	
	Capmark Bank	**Non-Capmark Bank**
Gross principal balance of loans held for sale	$ 1,207,123	$ 460,329
Basis adjustments (1)	(382,073)	(264,331)
Fair value	$ 825,050	$ 195,998
Fair value as a percentage of loans held for sale (2)	23.4%	22.5%

Notes:

(1) Basis adjustments include adjustments from the implementation of fresh start accounting.

(2) Includes loans held for sale and loans held for sale that were no longer owned by the Company but continue to be recognized on the Company's balance sheet as a result of accounting for the transfers of these loans as financings under ASC 860.

Banking Regulation

Capmark Bank, a Utah state chartered industrial bank and a wholly owned subsidiary of Successor CFGI, is jointly regulated by the FDIC and the UDFI (together, the "Bank Regulators"). The Bank Regulators impose restrictions on Capmark Bank's operations, including capital maintenance obligations.

Capmark Bank must file reports with the Bank Regulators concerning its activities and financial condition in addition to obtaining regulatory approvals prior to changing its approved business plan. Periodic examinations are conducted by the Bank Regulators to evaluate Capmark Bank's safety and soundness and compliance with various regulatory requirements. The regulatory structure also gives the Bank Regulators extensive discretion in connection with their supervisory and enforcement activities and examination policies, including policies with respect to the classification of assets for regulatory purposes.

FDIC Capital Rules

Capmark Bank has deposits that are eligible for insurance by the FDIC in accordance with FDIC rules. Regulatory restrictions require that Capmark Bank comply with capital rules of the FDIC. The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires the federal regulators to take prompt corrective action against any undercapitalized institution. FDICIA establishes five capital categories: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Capmark Bank is only considered "adequately capitalized," notwithstanding that Capmark Bank had a Tier 1 leverage ratio of 29.4% as of September 30, 2011, as compared to the FDIC's minimum Tier 1 leverage ratio of 5% for a bank to be considered "well-capitalized." See "Capital Maintenance Agreement" below.

Cease and Desist Orders

On October 2, 2009, Capmark Bank consented to the C&D Orders with the FDIC and the UDFI requiring Capmark Bank to, *inter alia*, (i) maintain a Tier 1 capital to total assets ratio of at least 8% and a ratio of qualifying total capital to risk-weighted assets ratio of at least 10%, (ii) submit a capital plan acceptable to the Regional Director of the FDIC's New York Regional Office and the UDFI and a contingency plan within 45 days of the C&D Orders, and (iii) not extend credit to Predecessor CFGI and its affiliates or issue dividends without the prior written consent of the FDIC and the UDFI. The inclusion of a minimum capital requirement in the C&D Orders requires Capmark Bank to obtain approval from the Bank Regulators prior to issuing new Brokered CDs. As required by the C&D Orders, Capmark Bank submitted a capital plan to the Bank Regulators in the fourth quarter of 2009. Capmark Bank has been and remains in compliance with the requirements of the C&D Orders, which remain in effect.

Capital Maintenance Agreement

In 2006, Predecessor CFGI and Capmark Bank entered into a capital maintenance agreement (the "Capital Maintenance Agreement," or "CMA") with the FDIC requiring Predecessor CFGI to contribute cash or other assets acceptable to the FDIC to Capmark Bank if it falls below "well-capitalized" status or its Tier 1 leverage ratio falls below 8%. Pursuant to section 365(o) of the Bankruptcy Code, in its bankruptcy Predecessor CFGI was deemed to have assumed its commitments to the FDIC under the CMA to maintain the capital level of Capmark Bank.

Following the commencement of the bankruptcy cases and negotiations with the FDIC, Predecessor CFGI sought and received authorization from the Bankruptcy Court to capitalize Capmark Bank with (i) $400 million in cash by December 31, 2009 and (ii) an additional $250 million by June 30, 2010. By order of the Bankruptcy Court dated December 23, 2009, the $650 million total capital contribution was deemed to satisfy fully any claim the FDIC may assert against Predecessor CFGI and its affiliates in the bankruptcy pursuant to sections 365(o) and 507(a)(9) of the Bankruptcy Code, and otherwise. Capital contributions of $400 million and $250 million were made to Capmark Bank on or before December 31, 2009 and June 30, 2010, respectively, in compliance with the agreement with the FDIC and applicable Bankruptcy Court order.

As of September 30, 2011, Capmark Bank had stockholder's equity of $1.8 billion. The following table summarizes the FDIC's well-capitalized ratio requirements and Capmark Bank's regulatory capital ratios as of September 30, 2011. Since Capmark Bank is subject to the C&D Orders, it is deemed to be "adequately capitalized."

	September 30, 2011	
Ratio	**Minimum Percentage to be "Well-Capitalized"**	**Capmark Bank**
Tier 1 leverage ratio (1)	5.0%	29.4%
Tier 1 risk-based capital ratio	6.0%	44.8%
Total risk-based capital ratio	10.0%	44.8%

Note:

(1) The FDIC's minimum Tier 1 leverage ratio for a bank to remain well-capitalized is 5%. However, as noted above, in the C&D Orders Capmark Bank agreed to a Tier 1 leverage ratio of not less than 8%.

Other

Capmark Bank's authority to engage in transactions with "affiliates" is limited by Sections 23A and 23B of the Federal Reserve Act as implemented by the Federal Reserve Board's Regulation W. The term "affiliates" for these purposes generally means any company that controls or is under common control with an institution, and includes Successor CFGI and its subsidiaries as it relates to Capmark Bank. In general, transactions with affiliates must be on terms that are at least as favorable to the institution as comparable transactions with non-affiliates. In addition, specified types of transactions are restricted to an aggregate percentage of the institution's capital. Collateral in specified amounts must be provided by affiliates to receive extensions of credit from the institution. Federally-insured banks are subject, with certain exceptions, to restrictions on extensions of credit to their parent holding companies or other affiliates, on investments in the stock or other securities of affiliates and on the taking of such stock or securities as collateral from any borrower. In addition, these institutions are prohibited from engaging in specified tying arrangements in connection with any extension of credit or the providing of any property or service.

Capmark Bank is subject to many other federal and state statutes and regulations, such as the Bank Secrecy Act, the USA PATRIOT Act, the Gramm-Leach-Bliley Act, the Equal Credit Opportunity Act, the Truth in Savings Act, the Fair Credit Reporting Act, the Fair Housing Act, the National Flood Insurance Act, and various federal and state privacy protection laws. These laws, rules and regulations, among other things, impose licensing obligations, limit the interest rates and fees that can be charged, limit the total loans that can be extended to any person, mandate disclosures and notices to customers, mandate the collection and reporting of certain data regarding customers, regulate marketing practices, and require the safeguarding of non-public information of customers.

The UDFI conducts a holding company supervision program intended to assess the degree to which the holding company serves as a source of financial and managerial strength to its Utah bank. The UDFI has indicated that it intends to conduct periodic on-site source of strength assessments and will evaluate financial strength (including capital, earnings, and liquidity), the risks of the holding company organizational structure and risk management practices. The supervisory program supplements the existing examination activities of the UDFI and the FDIC.

The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"), an initiative directed at the financial services industry, was signed into law by President Obama on July 21, 2010. The Dodd-Frank Act represents a comprehensive overhaul of the financial services industry within the United States, established the new federal Bureau of Consumer Financial Protection, and requires this new Bureau and other federal agencies, including the SEC, to undertake assessments and rulemaking.

Under Section 616 of the Dodd-Frank Act, each company that *directly or indirectly controls* an industrial bank such as Capmark Bank must serve as a "source of strength" for the bank. "Source of strength" means the ability to provide financial assistance to the bank in the event of financial distress. The federal banking agencies were required to issue regulations to carry out the purposes of Section 616 by July 21, 2011, but have not yet done so.

Under applicable federal and state laws and regulations, no person can acquire control of Capmark Bank without obtaining approval of the FDIC and the UDFI. In addition, under Section 603(a)(3) of the Dodd-Frank Act, the FDIC must currently disapprove a change in control of an industrial bank if the change in control would result in direct or indirect control of the industrial bank by a commercial firm.

RISK FACTORS

We face a variety of risks that are substantial and inherent in our business, including liquidity, credit, market, operational, legal and regulatory risks. The following are some of the more important factors that could affect our business.

Risks Related to the Capitalization of the Company

1. Potential Effects of Economic and or Market Conditions on Asset Values

The value of the Company's assets is sensitive to general business, economic, and market conditions in the United States and in the various foreign markets in which the assets are located, including Japan. These conditions include changes in short-term and long-term interest rates, inflation, deflation, fluctuations in the real estate and debt capital markets, and developments in national and local economies and changes in government policies and regulations. The commercial real estate industry is cyclical and is subject to numerous economic factors including general business conditions, changes in interest rates, inflation, unemployment rates and oversupply of properties. The recessionary changes in economic conditions have had an adverse effect on the Company's business, reducing the value of loans and other real estate-related assets that we hold or manage and the collateral supporting our loan portfolio; and significantly reduced the value of the Company's loan and investment assets. In addition, the foregoing factors have caused an increase in the number of borrowers who become delinquent, file for protection under bankruptcy laws, or default on their loans or other obligations. This increase in the number of delinquencies, bankruptcies, or defaults has resulted and could continue to result in a higher level of non-performing assets, loan charge-offs, and downward valuation adjustments on the Company's real estate-related assets, which has and could continue to adversely affect the Company's future results of operations.

2. Ability to Meet Liquidity Needs

As of September 30, 2011, after giving effect to the transactions contemplated by the Plan, the Company had $1.25 billion in corporate-level secured indebtedness. Significant amounts of cash flow will be dedicated to making payments of interest on and to repaying such principal indebtedness. The Company's ability to make payments on the Secured Notes and other obligations is dependent upon our ability to generate cash in the future. The Company's primary source of cash is funds generated from monetization, collection and sales of and earnings on the Company's existing assets, which are generally illiquid, non-performing, or distressed. In addition, the ability of the Company to make intercompany transfers, including loans and dividends, is limited by the terms of the Secured Notes and may be further affected by prevailing economic conditions and financial, business and other factors as well as the laws of the jurisdiction of their incorporation and applicable bankruptcy, federal, state, or foreign fraudulent conveyance or dividend restriction laws. There can be no assurance the Company will be able to generate sufficient cash flow from operations or that future borrowings, if needed, will be available to enable the Company to pay our obligations or to fund our other liquidity needs.

A significant portion of the Company's assets are owned by Capmark Bank, a wholly-owned Utah industrial bank. Currently, Capmark Bank is prohibited under C&D Orders consented to on October 2, 2009 from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor CFGI. Accordingly, Successor CFGI does not currently expect to receive any dividends from Capmark Bank while the C&D Orders remain in effect. As such, proceeds from assets held at Capmark Bank are not currently expected to constitute a source of funds for principal and interest payments on the Secured Notes.

3. Absence of Trading Market for Secured Notes and Common Stock

The Secured Notes and Common Stock are not listed on any national securities exchange and, as a result, no level of liquidity in the market can be ensured. Accordingly, no assurance can be given that a holder of such securities will be able to sell such securities in the future or as to the price at which any sale might occur. If a holder of such securities is able to sell them in the future, the price of the securities will be dependent upon many factors, including, prevailing interest rates, general market liquidity for such securities, industry conditions, and the performance of and investor expectations for, the Company.

Factors that may cause fluctuations in the price of Secured Notes and Common Stock include:

- changes in the Company's financial performance or the value of our portfolio assets;
- changes in the prospects or in the financial performance of companies engaged in similar businesses;
- changes in the timing and amount of cash generated by the Company on our assets;
- changes in, or new interpretations or applications of, laws and regulations applicable to the Company's business;
- changes in conditions in the commercial real estate and finance markets, including changes in property values, occupancy and rental rates, interest rates, interest spreads, capitalization rates, securitization markets and government-sponsored funding programs;
- significant sales of Secured Notes and/or Common Stock;
- general economic conditions and trends and other external factors, including those resulting from financial markets, commercial real estate markets, weather, catastrophic events, war, incidents of terrorism, or responses to these events; or
- speculation in the press or investment community regarding the Company's business, officers, employees, or facts or events that may directly or indirectly affect our business.

<u>Risks Associated with the Business</u>

4. Payment of Secured Notes

The Company's ability to make required payments of principal and interest on the Secured Notes when due is dependent on the Company's ability to monetize our assets for the values and at the times contemplated in the financial projections set forth in the Company's Second Amended Disclosure Statement filed with the Plan (the "Projections"). To the extent that the Company is unable to monetize our assets as contemplated in the Projections, our ability to make required principal and interest payments on the Secured Notes could be adversely affected. In addition, because Capmark Bank is prohibited under C&D Orders from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor CFGI, Successor CFGI does not currently expect to receive any dividends from Capmark Bank while the C&D Orders remain in effect. Accordingly, dividends from Capmark Bank are not currently expected to constitute a source of funds for principal and interest payments on the Secured Notes.

5. The Company's Ability to Implement and Execute Various Strategic Initiatives

Although the Company has implemented numerous tactical and strategic initiatives with a view toward ensuring that our portfolio of assets will be managed to maximize value for the holders of Common Stock and Secured Notes, there can be no assurance that the Company's initiatives will be successful. These initiatives depend, in part, on the continued retention of experienced personnel to manage the assets, and their ability to implement those initiatives.

6. Difficulty in Retaining or Replacing Key Employees

The Company's future results of operations will depend in part on our ability to retain our existing highly skilled and qualified employees. Uncertainties about the future prospects of the Company's business have impacted and are likely to continue to impact our ability to retain key management and other personnel. Although the Company has taken measures to retain key employees, there is no assurance that such measures will be successful and the failure to continue to retain such key individuals could have a material adverse effect on the Company's ability to operate the business successfully or to meet operations, risk management, compliance, regulatory, and financial reporting requirements. If the Company is unable to retain key employees, we may have difficulty meeting the objectives of our strategic initiatives designed to manage our portfolio of assets to maximum value for the holders of the Common Stock and Secured Notes.

7. Deterioration in Value of Property or Other Assets Securing Loans

The Company's loan portfolio consists of loans that are generally non-recourse, which means that the Company generally is not entitled to seek recovery from the ultimate property owner or sponsor of the property in the event of a payment default, except in the case of certain construction loans and instances of fraud or other bad acts by the property owner and breaches of certain representations and covenants. Accordingly, the cash flows generated by the operation, sale or refinancing of the properties securing the Company's loans typically are the sole sources of funds for the payment of principal and interest that is due under these loans. A borrower's ability to successfully operate, refinance, or sell a mortgaged property may be affected by a number of factors, including the ability of the borrower to fully lease the property on terms sufficient to support the debt; levels of operating costs for operating the properties; competition; litigation involving the property owner or the property; changes in local, regional or national economic, business and market conditions or forecasts; changes in the availability or cost of financing for real estate; uninsured losses to the property; and other factors including those that are outside the control of the borrower.

The Company's loan portfolio is significantly comprised of interim, floating rate loans secured by "transitional" real estate. The repayment of such loans is dependent on the construction and renovation, and subsequent leasing, of collateral, and debt service payments for such loans depend on capitalized reserves or subsidies by sponsors. Reductions in demand by users of commercial real estate have caused certain of these loans to fail to achieve underwritten expectations for leasing and cash flow, contributing to increases in defaults, and non-performing loan classifications.

8. Risks Inherent in the Company's Ability to Maximize the Value of Our Assets

The Company's main objective is to maximize the value of our assets. There are, however, substantial risks inherent in the Company's ability to execute on our objective. The Company made loans to a number of our customers at higher advance rates (i.e., at higher loan to value ratios) than did many of our competitors, which may make it more difficult to sell the loans or for the borrowers to obtain replacement financing. In addition, the Company made a large number of transitional loans, which loans are secured by commercial properties that were either new construction or involved substantial rehabilitation and did not have sufficient cash flows at the time the loan was made to fully support the debt service payments. The significant number of such transitional loans combined with the economic downturn, has resulted in an increase in non-performing loans and corresponding decreased values for those assets. Accordingly, many borrowers have had difficulty and may continue to have difficulty refinancing their obligations with a new lender unless the Company is willing to accept a discounted payoff, which may be significant. Likewise, the Company may not be able to sell many of these assets unless we are willing to accept a discount on the unpaid principal balance of the loans. Thus, the Company believes that there will be no quick conversion of many of our assets to cash. The Company's business plan calls for the collection and management of our assets over time. The longer that it takes the Company to sell our assets, the greater is the risk that unforeseen events will adversely affect the realizable value of these assets. There can be no assurance that any particular asset will be sold, or if sold, that proceeds equal to or greater than its carrying amounts will be received.

9. Effects of the Global Financial Crisis on Company's Business

The global financial crisis, the first signs of which appeared in late 2007, led to a severe dislocation in the debt capital markets, and adversely affected the value of, and financing for, commercial real estate assets of the kind the Company financed or owned.

The Company has experienced and may continue to experience the following negative effects from that dislocation:

- increase in the interest expense associated with the Secured Notes;
- significant declines in the fair value of the Company's mortgage loans and real estate-related investments, which has caused it to hold those loans and investments for a longer period of time or to sell them at lower values than anticipated, resulting in net losses or a decrease in the net gains on the sale of those assets, negative valuation adjustments on their loan portfolio, and/or reduced returns;
- a slowdown in repayments of the Company's mortgage loans at maturity due to the limited availability of credit for refinancing of commercial properties, declines in the fair value of such properties, and an increase in non-performing assets; and
- a decrease in market liquidity for the types of assets held by the Company and an increase in the time required to monetize those assets at fair value.

10. Exemption from the Investment Company Act of 1940

The Investment Company Act of 1940, or the "Investment Company Act," contains substantive legal requirements that regulate the manner in which ''investment companies'' are permitted to conduct their business activities. The Company has conducted and intends to continue to conduct our business in a manner that does not result in the Company being characterized as an investment company. There are a number of possible exemptions from registration under the Investment Company Act that the Company believes apply to us and which the Company believes makes it possible for it not to be subject to regulation as an investment company.

For example, a bank subsidiary is exempt from the definition of an investment company, and the Investment Company Act exempts entities that are primarily engaged in the business of "purchasing or otherwise acquiring mortgages and other liens on and interests in real estate." Under current interpretations, an entity can meet the exemption for entities primarily engaged in the business of purchasing or otherwise acquiring mortgages and the liens on and interests in by maintaining at least 55% of our assets directly in mortgages and other liens on and interests in real estate, which the Company refer to as "qualifying interests," and an additional 25% of our assets in real estate-related assets. The Company believes that our subsidiaries can rely on the foregoing exemptions or others. The requirement that some of the Company's subsidiaries maintain 55% of their assets in qualifying interests or satisfy another exemption may inhibit the Company's ability to sell certain kinds of assets or to conduct certain activities in the future. In addition, the Company may need to acquire certain assets to ensure they qualify for this exemption.

11. Changes in Prevailing Interest Rates, Credit Spreads, Exchange Rates and Credit Availability

The Company's financial condition and future results of operations have and may continue to be directly affected by changes in prevailing interest rates, credit spreads, foreign exchange rates, and credit availability. In particular, an increase in interest rates, a widening of credit spreads, a decrease in the value of the U.S. Dollar against the Japanese Yen or the Euro, or a decrease in the availability of debt financing for real estate-related assets has and could, among other things:

- reduce the fair value of the loans that the Company holds for sale and the securities that are classified as trading or available for sale and decrease the amounts that the Company ultimately realizes upon an asset sale;
- adversely affect the Company's ability to sell financial assets, which has and could in the future adversely affect the Company's liquidity and our ability to fund operations;
- increase the rates of defaults and delinquencies on the Company's loan portfolio, including the resulting inability of borrowers to obtain financing needed to repay loans at maturity;
- adversely impact the fair value of real estate equity investments owned by the Company; and
- reduce the value of real estate-related investments or other investments that may serve as collateral for the Secured Notes.

In addition, the Company, outside of Capmark Bank, generally does not currently hedge interest rates, foreign exchange rates or other risks and, as a result is subject to the risk that changes in prevailing interest rates, credit spreads, or foreign currency exchange rates will adversely affect the fair value of the Company's assets, including loans and investment securities, decrease the Company's income, or increase our expenses.

12. Risks Related to the Company's Business outside the United States

The Company conducts a portion of our business outside the United States, primarily in Japan. The international operations generate income and expenses and give rise to assets and liabilities denominated in currencies other than the U.S. dollar. Currency fluctuations may adversely affect the Company's results of operations and the value of our assets and liabilities. In addition, these international operations subject the Company to additional risks. The effects of these risks may, individually or in the aggregate, adversely affect the Company's future results of operations. These risks include:

- multiple foreign "doing business" and licensing laws and regulatory requirements that are subject to change;
- difficulty in managing foreign operations due to reliance on third parties for maximization of asset recoveries;
- laws and regulations applicable to financial services industries that differ from United States laws or are uncertain and evolving, including laws and regulations relating to financial services companies, securities, bankruptcy, creditors' rights, debt collection, property ownership, and liens and wind-up of business operations;
- potentially negative consequences arising from changes in tax laws or their application or the manner in which the Company operates outside the United States or is viewed by foreign tax authorities;
- economic instability or slowdowns in foreign countries in which the Company's assets are located; and
- difficulty in moving capital out of foreign jurisdictions, limiting the Company's liquidity.

The Company has certain Japanese subsidiaries with assets and operations located in Japan. As a result of the earthquakes and tsunami in Japan in the first quarter of 2011 and the resulting impact to the electric power generation and transportation infrastructure, economic conditions in Japan have deteriorated and commercial real estate values have declined. While the Japanese government is undertaking measures to recover from the impact to national infrastructure, economic conditions in Japan may adversely affect the value and delay the timing of the monetization of the Company's Japanese assets.

13. Liabilities under Environmental Laws

Under various United States federal, state, and local environmental laws, ordinances, and regulations, a current or previous owner of real estate (including, in certain circumstances, a secured lender that succeeds to ownership or control of a property) may become liable for the costs of removal or remediation of certain hazardous or toxic substances at, on, under, or in its property. Those laws typically impose cleanup responsibility and liability without regard to whether the owner or control party knew of or was responsible for the release or presence of hazardous or toxic substances. The costs of investigation, remediation, or removal of those substances may be substantial. The owner or control party of a site also may be subject to common law claims by third parties based on damages and costs resulting from environmental contamination emanating from a site. Certain environmental laws also impose liability in connection with the handling of or exposure to asbestos-containing materials, pursuant to which third parties may seek recovery from owners of real properties for personal injuries associated with asbestos-containing materials. Absent succeeding to ownership or control of real property, a secured lender is not likely to be subject to any of these forms of environmental liability. However, real estate investments in which the Company holds an ownership interest, either by exercise of their remedies as a secured lender or by an equity investment, can subject the Company to environmental liability. Potential environmental liabilities may also prevent the Company from foreclosing on properties that secure the loans.

14. Accuracy of Estimates or Assumptions Used to Value the Company's Assets

In connection with the preparation of the Company's consolidated balance sheet, the Company is required to use estimates and make various assumptions in determining the fair values of mortgage loans and investment securities that we carry on our consolidated balance sheet. These estimates and assumptions are based on a number of factors and considerations, which may include, depending on the particular asset being valued, the Company's experience and expectations concerning discount rates, interest rates, credit spreads, market pricing for sales of similar assets, prepayment rates, delinquency rates, and defaults on loans and loss recovery rates. A material difference between the Company's estimates and assumptions and our actual experience may require the Company to write down the value of assets, which could adversely affect our financial condition or future results of operations.

15. Regulated Environment in which the Company Operates and Governmental Policies

The Company is subject to regulation and supervision in a number of jurisdictions. The level of regulation and supervision to which we are subject varies from jurisdiction to jurisdiction and is based on the type of business activities involved. For example, Capmark Bank is subject to regulation and periodic examination by the UDFI and the FDIC and must comply with applicable capital adequacy requirements, limitations on transactions with affiliates, provisions of the FDICIA, the Gramm-Leach-Bliley Financial Services Modernization Act of 1999 ("GLBA"), Dodd-Frank Act, the Bank Secrecy Act of 1970, the USA PATRIOT Act, and regulations of the Federal Reserve. See "Banking Regulation" above and Note 19 for further discussion.

As a result of the regulated nature of the Company's businesses, particularly Capmark Bank, it is also subject to risks associated with (i) possible adverse results of regulatory and other governmental examinations or inquiries; (ii) an increased possibility of litigation arising from regulatory and other governmental developments; (iii) regulators' future use of supervisory and enforcement tools; and (iv) legislative and regulatory reforms, including changes to tax laws or their interpretation. The impact of those developments could affect the Company's ability to operate our business or negatively impact our financial condition, future results of operations or reputation.

16. Changes in Governmental Fiscal and Monetary Policies

The Company's business and earnings are significantly affected by the fiscal and monetary policies of the United States government and its agencies and similar governmental authorities and agencies in markets outside the United States in which we operate. The Company and our subsidiaries are particularly affected by the policies of the Federal Reserve, which regulates the supply of money and credit in the United States. The Federal Reserve's policies influence the yield on the Company's interest-earning assets and the cost of our interest-bearing liabilities. Changes in those policies are beyond the Company's control, are difficult to predict and could adversely affect our business, future results of operations and financial condition.

BALANCE SHEET

CAPMARK FINANCIAL GROUP INC.
Consolidated Balance Sheet (unaudited)
(in thousands, except share amounts)

	September 30, 2011
Assets	
Cash and cash equivalents	$ 2,057,385
Restricted cash (1)	486,427
Accounts and other receivables (1)	74,985
Investment securities available for sale	701,022
Loans held for sale (1)	4,396,014
Real estate investments (1)	669,895
Equity investments	333,251
Other assets (1)	113,267
Assets of discontinued operations (1)	1,119,857
Total assets	$ 9,952,103
Liabilities and Equity	
Liabilities:	
Debt	$ 1,353,025
Other borrowings (1)	653,440
Deposit liabilities	3,926,004
Other liabilities (1)	304,236
Liabilities of discontinued operations (1)	555,084
Total liabilities	6,791,789
Commitments and Contingent Liabilities	
Equity:	
Common stock, $.001 par value; 110,000,000 shares authorized; 100,000,000 shares issued and outstanding as of September 30, 2011	100
Capital paid in excess of par value	2,690,800
Total stockholders' equity	2,690,900
Noncontrolling interests	469,414
Total equity	3,160,314
Total liabilities and equity	$ 9,952,103

The accompanying notes are an integral part of this consolidated balance sheet.

(1) The following unaudited table presents assets of consolidated variable interest entities ("VIEs") that can be used only to settle the obligations of the consolidated VIE and liabilities of the consolidated VIE for which creditors or other interest holders do not have recourse to the general credit of Capmark Financial Group Inc. and its subsidiaries. Approximately 72% of the assets and 84% of the liabilities shown below relate to LIHTC entities that were sold on October 7, 2011.

Assets		**Liabilities**	
Restricted cash	$ 70,480	Other borrowings	$ 2,300
Accounts and other receivables	5,064	Other liabilities	12,892
Loans held for sale	370,060	Liabilities of discontinued operations	423,281
Real estate investments	124,508	Total liabilities	$ 438,473
Other assets	5,510		
Assets of discontinued operations	896,405		
Total assets	$ 1,472,027		

NOTES TO BALANCE SHEET

CAPMARK FINANCIAL GROUP INC.
Notes to Consolidated Balance Sheet (unaudited)

1. Organization and Operations

Capmark Financial Group Inc., together with its consolidated subsidiaries, is a real estate finance company focused on the management of its commercial real estate-related assets and businesses primarily in North America and Asia.

Prior to October 25, 2009, Capmark Financial Group Inc. (Capmark Financial Group Inc. prior to its emergence from bankruptcy is referred to as “Predecessor CFGI”) was a diversified commercial real estate finance company that provided financial services to investors in commercial real estate-related assets through three core businesses: lending and mortgage banking, investments and funds management, and servicing. Predecessor CFGI operated in North America, Europe and Asia. On March 23, 2006, an investor entity owned by affiliates of Kohlberg Kravis Roberts & Co. L.P., Five Mile Capital Partners LLC, Goldman Sachs Capital Partners and Dune Capital Management LP (“Sponsors”) acquired a controlling equity stake in Predecessor CFGI from a subsidiary of GMAC LLC. Prior to March 23, 2006, Predecessor CFGI was an indirect wholly-owned subsidiary of GMAC LLC, formerly known as General Motors Acceptance Corporation.

On October 25, 2009, Predecessor CFGI and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code (“chapter 11 of the Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware. On January 15, 2010, Capmark Investments LP and on July 29, 2010, Protech Holdings C LLC commenced their respective voluntary cases under chapter 11 of the Bankruptcy Code. The entities which filed voluntary cases under chapter 11 of the Bankruptcy Code are referred to herein as the “Debtors”. See Note 3 for further discussion. Certain of the Debtors, including Capmark Financial Group Inc. (“Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as Successor CFGI”), emerged from bankruptcy on September 30, 2011 (“Effective Date”) pursuant to the Third Amended Joint Plan of Capmark Financial Group Inc. and certain of its subsidiaries and affiliates (the “Plan”). The Plan was effective for fourteen of the Debtors (the “Reorganized Debtors”), however, there are twenty-six Debtors which remained in bankruptcy as of September 30, 2011. Six of the Debtors’ cases were dismissed on July 5, 2011. The remaining Debtors are primarily non-operating managing member entities associated with the Company’s low-income housing tax credit (“LIHTC”) business.

In accordance with the Plan, on the Effective Date, the existing common stock of Predecessor CFGI was cancelled and new Successor CFGI common stock (“Common Stock”) was issued. In addition, on the Effective Date, the existing debt securities of Predecessor CFGI and the related guarantees provided by certain of its subsidiaries were discharged. On the Effective Date, Successor CFGI issued $1.25 billion of new secured debt securities (“Secured Notes”) which are guaranteed and secured by the assets of certain of its domestic subsidiaries, excluding Capmark Bank. The subsidiary guarantors of the Secured Notes are Capmark Finance LLC, Capmark Capital LLC, Capmark Affordable Equity Holdings LLC, Capmark Affordable Equity LLC, Capmark Affordable Properties LLC, Capmark REO Holding LLC, Commercial Equity Investments LLC, Property Equity Investments LLC, SJM Cap, LLC and Summit Crest Ventures, LLC (collectively, the “Guarantors,” and together with Successor CFGI, the “Obligors”). In accordance with the Plan, a combination of cash, Secured Notes and Common Stock was distributed to the Plan disbursing agent on behalf of the holders of general unsecured claims against the Reorganized Debtors in satisfaction of their claims. As discussed below in Note 3, Crystal Ball Holding of Bermuda Limited (“Crystal Ball”), one of the Company’s wholly-owned subsidiaries, distributed $85.0 million in connection with a settlement reached between Crystal Ball and the holders of Unsecured Loans and Unsecured Notes (as defined below).

Prior to the Effective Date and in accordance with the terms of the Plan, certain of the subsidiaries of Predecessor CFGI previously organized as corporations elected to convert into or otherwise become limited liability companies. Successor CFGI continues to exist as the parent holding company. See Note 3 for further discussion.

As used herein, the term “Company” refers to Successor CFGI and its consolidated subsidiaries, except where it is clear that the term means only the parent company, Capmark Financial Group Inc. without consolidated subsidiaries.

The Company currently operates primarily through the following subsidiaries:

Capmark Bank (“Capmark Bank”) is a Utah-chartered industrial bank and a wholly-owned subsidiary of Successor CFGI. Deposits maintained by Capmark Bank are eligible for insurance by the Federal Deposit Insurance Corporation (“FDIC”). Capmark Bank is subject to regulation and periodic examination by the Utah Department of Financial Institutions

(“UDFI”) and the FDIC and is required to pay applicable FDIC insurance premiums and comply with applicable capital adequacy requirements, limitations on transactions with affiliates, along with other federal and state banking regulations.

Capmark Finance LLC (“Capmark Finance”) is a California limited liability company and a wholly-owned subsidiary of Successor CFGI. Capmark Finance is primarily focused on the management of its existing assets. In connection with these activities, Capmark Finance may, among other things, restructure its loans, advance required funds to maintain the value of the commercial real estate collateralizing its loans, and take actions to collect on defaulted loans, including acquiring title to the commercial real estate collateral. Any real estate acquired as a result of such actions is also managed by Capmark Finance and its subsidiaries.

2. Risks and Uncertainties

The Company’s primary business risks include: (i) liquidity risk, (ii) credit risk, (iii) interest rate and other market risks, and (iv) operational risk.

Liquidity risk is the risk that the monetization of the Company’s assets will be insufficient in amount or timing to pay its operating expenses and meet scheduled debt payments or other financial obligations as they come due. The Company’s primary sources of liquidity are expected to be (i) proceeds from the repayment of loans, (ii) proceeds from the sale of loans, including discounted payoffs received in connection with loan workout efforts, and (iii) proceeds from the sale of real estate acquired through foreclosure, equity investments and other assets in its portfolio. Proceeds from the repayment or sale of loans or sale of owned real estate could be negatively impacted by many factors, including any borrower default in making interest or principal payments or decline in the value of the commercial real estate owned by the Company or which serve as collateral securing the loan assets.

The Company’s primary exposure to credit risk arises from its owned real estate, its relationships with borrowers who may default and potentially cause the Company to incur losses if it is unable to collect amounts due through loss mitigation strategies, and from institutional counterparties to the extent they do not fulfill their obligations to the Company under the terms of specific contracts or agreements. Changes in credit risk are evaluated in the context of estimating the fair values of investment securities and loans held for sale. Negative trends in the financial position of borrowers, values of collateral underlying loans, and delinquencies and defaults on loans may materially adversely affect the Company’s results of operations.

The Company’s primary exposure to interest rate and other market risks is associated with its loans held for sale and investment securities as well as fixed-rate and floating-rate borrowings. Changes in the level of interest rates or changes in yield curves, as well as basis risk resulting from changes in the interest rate spread between different financial instruments, could adversely affect the estimated fair value of the Company’s loans held for sale and investment securities. Changes in foreign currency exchange rates, to a lesser extent, could also adversely affect the US Dollar equivalent value of certain assets and liabilities and impact the US Dollar conversion value of cash repatriated from foreign jurisdictions. The Company’s exposure to market risk is also impacted by the amount of real estate and equity investments which the Company owns directly and indirectly due to the depressed fair values and changing demand for those types of assets.

Operational risk is the risk of loss resulting from inadequate or failed internal processes, systems, facilities, human factors or external events such as information technology and organizational structure issues, weaknesses in internal controls, human error, fraud, and external threats. Primary responsibility for the management of operational risk lies with the Company’s business and support functions, which are required to maintain processes designed to identify, assess and mitigate operational risks for their existing activities. These processes include the Company’s systems and processes that relate to theft and fraud, general business practices, technology, the safeguarding of assets and data security, personnel, customers, financial reporting and external service providers.

3. Bankruptcy and Reorganization

Bankruptcy

Events leading to the commencement of the cases under Chapter 11 of the Bankruptcy Code

The unprecedented conditions in domestic and international financial markets occasioned by the global financial crisis presented particularly difficult challenges for Predecessor CFGI and similarly situated finance companies. Beginning in the second half of 2007, credit markets froze and ceased to generate liquidity as lending institutions and investors severely tightened lending standards and restricted access to credit. These market dislocations significantly worsened during 2008 and continued unabated into 2009. At the end of 2008 and the beginning of 2009, Predecessor CFGI focused on out-of-court restructuring negotiations with certain of its creditor constituencies to address the pending maturity of $833 million under its unsecured bridge loan, due March 23, 2009. On April 24, 2009, Predecessor CFGI filed its Annual Report on Form 10-K with the SEC for the year ended December 31, 2008, in which Predecessor CFGI reported a consolidated net loss of $1.1 billion for the quarter ended December 31, 2008, and a consolidated net loss of $1.4 billion for the year ended December 31, 2008. Predecessor CFGI reported that the severity of these losses caused it to be out of compliance with the leverage ratio covenants in its senior unsecured credit facility and unsecured bridge loan as of December 31, 2008. As a result of Predecessor CFGI's net losses and breach of the financial covenants, substantial doubt existed as to Predecessor CFGI's ability to continue as a going concern. On May 29, 2009, following negotiations with its lenders, Predecessor CFGI entered into a new secured term loan facility and amended its senior unsecured credit facility and unsecured bridge loan to conform certain financial covenants in the senior unsecured credit facility and unsecured bridge loan to those in the secured term loan facility. The proceeds of the secured term loan facility, together with $75 million of cash from Predecessor CFGI, were used to pay down a portion of the unsecured bridge loan and the senior unsecured credit facility and the lenders under the secured term loan facility were granted security interests in Predecessor CFGI's and certain of its subsidiaries' North American mortgage loan assets. Thereafter, Predecessor CFGI engaged in further negotiations in an attempt to achieve a global restructuring of its obligations with all major creditor constituencies.

Debtors' Cases under Chapter 11 of the Bankruptcy Code

After reviewing and exploring their alternatives and after implementing numerous cost-saving strategies, Predecessor CFGI concluded an orderly reorganization of its debts under chapter 11 of the Bankruptcy Code was the best of all available strategic options to maximize value for its creditors, shareholders, and other parties in interest.

As described in Note 1, on October 25, 2009, certain Debtors commenced voluntary cases for relief under chapter 11 of the Bankruptcy Code. On January 15, 2010, Capmark Investments LP commenced its voluntary case under chapter 11 of the Bankruptcy Code. Thereafter, on July 29, 2010, Protech Holdings C LLC commenced a voluntary case under chapter 11 of the Bankruptcy Code. Successor CFGI emerged from bankruptcy on the Effective Date pursuant to the Plan.

Plan of Reorganization

Pursuant to the Plan, on the Effective Date, the existing equity (including common stock) of Predecessor CFGI was cancelled and pre-petition unsecured liabilities of the Reorganized Debtors were discharged. In accordance with the Plan, Successor CFGI and certain of the Reorganized Debtors distributed to the Plan disbursing agent for the benefit of holders of the $7.0 billion of allowed general unsecured claims and the reserve for disputed general unsecured claims (i) $900.0 million of cash, (ii) $1.25 billion of the Secured Notes, which consisted of $750 million principal amount of floating rate first lien A notes due 2014 and $500 million of floating rate first lien extendible B notes due 2015, and (iii) 99.5 million shares of Common Stock.

The Plan also provides for, among other matters:

- payment of all allowed post-petition administrative expense claims and allowed pre-petition priority claims in full in cash;
- settlement of intercompany borrowings amongst the Debtors;
- payment to holders of general pre-petition unsecured claims with individual claim amounts of $25 thousand or less (or reduced to that amount) in cash; and
- settlement of guaranty obligations owed by Crystal Ball, a non-debtor subsidiary, including an $85.0 million payment on the Effective Date. See Other Matters for a description of the Crystal Ball Settlement Agreement.

Fresh Start Accounting

When the accounting guidance established in ASC 852, *Reorganizations* ("ASC 852") is determined to be applicable, fresh-start accounting is required on the date on which the Plan is confirmed by the Bankruptcy Court. ASC 852 further provides that fresh-start accounting should not be applied until all material conditions to the Plan are satisfied. All material conditions to the Plan were satisfied as of September 30, 2011, the Effective Date.

Upon emergence from bankruptcy on September 30, 2011, the Company determined that fresh start accounting was required as both (i) the Reorganized Debtors' reorganization value was less than total post-petition liabilities and allowed claims, and (ii) a change of control occurred as holders of Predecessor CFGI voting shares before the filing and confirmation of the Plan did not receive Common Stock. Accordingly, the Company adjusted the historical carrying values of its assets and liabilities to fair value and simultaneously determined the resulting implied fair value of its equity. Adopting fresh start accounting results in a new reporting entity with no beginning retained earnings or deficit. All prior earnings or deficits are eliminated through the accounts of Predecessor CFGI as of and for the period immediately preceding the Effective Date. The effects of the adjustments to individual assets and liabilities resulting from the adoption of fresh-start accounting and the effects of the accounting for the forgiveness of debt would be reflected in Predecessor CFGI's final statement of operations. The adoption of fresh start accounting had a material effect on the consolidated balance sheet as of September 30, 2011.

The application of fresh start accounting by the Company's management was performed in a two-step valuation process. First, management recorded the reorganization equity value of the Common Stock of $1.8 billion that was included in the Second Amended Disclosure Statement for the Plan and approved by the Bankruptcy Court in connection with the confirmation of the Plan. Second, the Company re-measured all tangible assets and liabilities, other than deferred taxes, at fair value. Deferred tax values were determined in conformity with accounting requirements for income taxes in ASC 740, *Income Taxes* ("ASC 740"). The resulting net asset value totaled $2.7 billion. The fair value of net assets in excess of the reorganization equity value (approximately $844.7 million) is included as a component of capital paid in excess of par value on the consolidated balance sheet.

Fair Value Determinations for Fresh Start Accounting

The Company utilized the following methodologies for estimating fair value of significant tangible assets and liabilities at the Effective Date for continuing operations.

<u>Investment Securities</u> - The fair values of investment securities were determined using quoted market prices, where available. When quoted market prices were not available, the Company used pricing models, quoted prices of securities with similar characteristics or discounted cash flow analysis to estimate fair value.

<u>Loans Held for Sale</u> - The fair values of the loans held for sale were generally determined using a pricing model based on current market information obtained from external sources, including, when available, interest rates, whole loan spreads for each property type based on loan-to-value ratios of collateral and other factors, and bids or indications provided by market participants on specific loans that are actively marketed for sale. In addition, the impact of potential extensions, interest-rate floors and unfunded commitments on the Company's floating rate loan portfolio were taken into consideration when determining the fair value for each loan. The Company also considered the fair value of collateral in estimating the fair value of certain loans along with a borrower's credit status. Although the Company based its loan valuations on actual observable inputs to the extent possible, the valuations typically require significant judgment and therefore are estimates. Changes in market conditions and collateral values and other factors between the dates of management's estimates and the dates of disposition of the loans can have a significant impact on the amounts ultimately realized upon disposition.

<u>Real Estate Investments</u> - The fair values of the real estate investments were generally determined using a combination of independent appraisals, estimates of fair value from third party providers, pricing model based on current market information from external sources, and bids or indications provided by market participants on specific properties that are actively marketed for sale.

<u>Equity Investments</u> - The fair values of the equity investments were generally determined using estimates of fair value of the underlying funds. The fair values of the equity investments in entities that own foreclosed real estate assets are determined in a manner consistent with the valuation of real estate investments discussed above.

<u>Derivative instruments</u> - The fair values of derivative instruments were determined using quoted market prices, where available. When quoted market prices were not available, the Company used pricing models, quoted prices of derivative instruments with similar characteristics or discounted cash flow analysis to estimate fair value.

Property - The fair values of the real property and land owned by the Company and associated with its operations were determined based on independent appraisals. Property, other than real estate investments or equity investments in entities that own foreclosed real estate assets, is included in other assets on the consolidated balance sheet.

Secured Notes - The fair value of the Secured Notes was based upon directly observable quoted prices for the instruments in the over-the-counter market.

Deposit Liabilities and Other Borrowings - The fair values of deposit liabilities and other borrowings were discounted based upon rates currently available to the Company for obligations with similar terms and maturities.

Unsecured Credit Agreement - The principal amount outstanding under the Company's unsecured credit agreement at September 30, 2011 is shown at its fair value of $111.0 million, which is the present value of estimated future payments on such loans to which the holders of such debt are entitled discounted at 13.6%. See Note 9 for further discussion.

Crystal Ball Settlement Agreement Liabilities - The fair value for these obligations was determined as the present value of estimated future payments under the terms of such agreement discounted at 13.6%. See Other Matters below for further discussion.

Short-Term Assets and Liabilities - For certain financial positions, such as cash and cash equivalents, restricted cash, accounts and other receivables, and similar short-lived assets and liabilities, the carrying value approximates fair value due to the short-term nature of the instruments.

Assets and Liabilities of Discontinued Operations - The fair value of the assets and liabilities of discontinued operations generally reflects the values derived from the agreement of sale for substantially all of the remaining assets of the LIHTC business to Hunt Companies Inc. See Note 13 for further discussion of the sale transaction.

Reorganization Value

Reorganization equity value of $1.8 billion represents the Company's estimate of the amount a willing buyer would pay for the Company immediately after the reorganization. This amount was determined by management and includes management's estimate of Predecessor CFGI cash at the Effective Date, the value of Capmark Bank determined with assistance from an independent financial advisor and management's estimate of the value of the other remaining assets and liabilities of the Company.

An independent financial advisor developed the reorganization equity value of Capmark Bank using a combination of two measurement methodologies. First, expected future free cash flows of Capmark Bank, after emergence of its parent, Capmark Financial Group Inc., from chapter 11 of the Bankruptcy Code, were discounted at rates reflecting perceived business and financial risks (the discounted cash flows or "DCF"). Second, an adjusted DCF was performed based upon management's estimates of dividends that could be distributed from Capmark Bank assuming that the bank's regulators would permit the distribution once available cash exceeded the deposit liabilities.

The basis for the Capmark Bank DCF was the five year financial projections included in the Second Amended Disclosure Statement for the Plan and included a terminal value. The five-year projections included an assumption of cash flows from the disposition of assets and payment of liabilities, anticipated gains and losses on asset sales, operating expenses throughout the projection period, as well as other factors. A discount rate of 10% to 13% was assumed. The discount rate was based in part on evaluating the cost of equity of selected publicly traded banks and selected publicly traded finance companies with characteristics relevant to Capmark Bank. These cash flows also include the present value of the terminal value to arrive at an implied equity value. The calculations also assumed a 1x book value exit multiple at the end of 2014.

The reorganization equity value for the other remaining assets of the Company was developed primarily by using a DCF. The basis for the DCF was the five year financial projections for the Non-Capmark Bank assets included in the Plan to determine a terminal value. A discount rate of 10% to 20% was generally assumed. The range of rates reflects the assessment of value for groups of individual assets and liabilities, both domestic and foreign that the Company believes a market participant would use to value the net cash flows arising from the disposition of assets, settlement of liabilities, and operations of the Non-Capmark Bank businesses throughout the projection period. These cash flows also include the present value of the terminal value to arrive at an implied equity value.

The reorganization equity value calculated is dependent on the achievement of the future forecasted financial results. The estimates and assumptions made in the valuation are subject to uncertainties, many of which are beyond the Company's control, and there is no assurance that these results can be achieved. The assumptions for which there is a reasonable possibility of a variation that would significantly affect the calculated equity value include the long term growth rate, risk weighted assets, capital ratios, cost reductions, discount rate, strength of the lending market, availability and cost of funding sources.

Fair Value in Excess of Reorganization Value

In applying fresh start accounting on September 30, 2011, which generally follows the provisions of ASC 805, *Business Combinations* ("ASC 805"), the Company recorded its assets and liabilities at fair value except for deferred income taxes. As discussed above, and in conformity with ASC 820, *Fair Value Measurements and Disclosures* ("ASC 820"), the Company utilized several methodologies for estimating the fair value of assets and liabilities at the Effective Date. These estimates reflect the fair value for individual assets and liabilities and do not incorporate additional adjustments associated with the costs of selling the assets or settling the liabilities, management and operating expenses associated with retaining the assets or liabilities throughout their anticipated holding periods, or the time value of money associated with holding assets until their expected disposition date. The Company's reorganization value reflects expected free cash flows (inclusive of selling, management and other operating expenses) discounted at rates reflecting perceived business and financial risks. As of September 30, 2011, the differences in valuation approaches result in the Company's net assets having a fair value, as determined under ASC 820, exceeding the Company's reorganization value. The excess of fair value of the Company's net assets over its reorganization value is approximately $844.7 million and is included as a component of capital paid in excess of par value on the consolidated balance sheet.

Loan Classifications

In conjunction with fresh start accounting, the Company changed the classification of all held for investment loans to held for sale.

Other Matters

On the Effective Date, the following amounts were deposited with the disbursing agent for the benefit of holders of general unsecured claims that have not been allowed: (1) $39.0 million in cash; (2) $54.2 million of Secured Notes; and (3) 5.5 million shares of Common Stock. These amounts are held in a reserve account by the Plan disbursing agent for potential payment of disputed pre-petition general unsecured claims. The cash is not included on the Company's consolidated balance sheet; however, the Secured Notes and Common Stock are reflected as outstanding at September 30, 2011. If a claim is not resolved in favor of the claimant, the funds will periodically be reallocated and disbursed to the other general unsecured creditors in accordance with the Plan.

Certain Reorganized Debtors also distributed $19.6 million to the Plan disbursing agent to fund the reserves for disputed administrative, priority and convenience class claims. The $19.6 million is reflected as restricted cash on the consolidated balance sheet as of September 30, 2011. In the event that the disputed administrative, priority and convenience class claims are resolved in favor of the Company, those funds ultimately will be returned to the Company and used for general operations of the Company. An adverse resolution of the disputed administrative, priority and convenience class claims will not impact the Company beyond the $19.6 million which is currently reserved in separate bank accounts and included in restricted cash on the consolidated balance sheet. The liability related to the disputed administrative, priority and convenience class claims has an estimated fair value of $3.3 million at September 30, 2011 and is included in other liabilities on the consolidated balance sheet.

Crystal Ball Settlement Agreement

Crystal Ball was a guarantor of the senior unsecured credit facility and unsecured bridge loan (collectively, the "Unsecured Loans") and the senior unsecured 6.300% notes, the senior unsecured floating rate notes, and the senior unsecured 5.875% notes (collectively, the "Unsecured Notes"). The obligations under the Unsecured Loans and Unsecured Notes were discharged in the Plan for the Reorganized Debtors; however, Crystal Ball was not a Debtor. To obtain a release from its guarantee obligations, Crystal Ball and the parties to the Unsecured Loans and Unsecured Notes entered into a settlement agreement in July 2011 (the "Crystal Ball Settlement Agreement") that was approved in connection with the Plan. The Crystal Ball Settlement Agreement, which was effective with the Plan, provides that on a quarterly basis Crystal Ball and its subsidiaries shall distribute all cash in excess of working capital needed to pay liabilities and expenses ("Net Cash") to the holders of the Unsecured Loans and the Unsecured Notes in accordance with the a specific allocation set forth in the Plan. If Net Cash at the end of any fiscal quarter is less than $250 thousand, Crystal Ball may skip such quarterly payment and roll over such Net Cash to the next fiscal quarterly payment.

The estimated principal amount expected to be paid under the Crystal Ball Settlement Agreement at September 30, 2011 is included in other liabilities on the consolidated balance sheet at its estimated fair value of $41.4 million, which is the present value of estimated future payments under such agreement discounted at 13.6%. This discount rate approximates the weighted average discount rate used in the fair value estimation of certain assets, the monetization of which will be distributed in accordance with the Japanese Settlement Agreement as described in Note 9.

Consolidation of Variable Interest Entities with Tax Credit Investments Structures

As discussed in Note 11, the Company is involved in various entities in the normal course of business that may be deemed variable interest entities (“VIEs”) under ASC 810, Consolidation (“ASC 810”). The emergence from bankruptcy and the effectiveness of the Plan resulted in a reconsideration event for the Company and the numerous entities with which it is involved in the normal course of business. To determine whether an entity is a VIE and whether the Company is the primary beneficiary of an entity determined to be a VIE, the Company is required to gather information about the purpose and design of the VIE, including the economic risks and rewards it was designed to create and pass on to variable interest holders. The Company is also required to gather details about its involvement in the VIE and the involvement of other variable interest holders in the VIE. The Company’s involvement in certain VIEs, such as entities in tax credit investment structures, is legally and operationally complex and includes interaction with the Bankruptcy Court and is subject to executed agreements to transfer certain of these interests to third parties.

The Company has conducted a preliminary assessment of its involvement with the VIE’s in tax credit investment structures and has made provisional determinations with respect to consolidation as well as determination of VIE status and has recognized provisional amounts of related assets, liabilities and non-controlling interest in its initial fresh start accounting. However, the Company is continuing to review the details of its involvement with these VIEs. New information obtained about the facts and circumstances that existed on the Effective Date may result in adjustments to the provisional consolidation determinations and amounts of assets, liabilities and noncontrolling interests recognized on the consolidated balance sheet.

Summary of Impacts of Fresh Start Accounting

The effects of the implementation of the Plan and the application of fresh start accounting on our consolidated balance sheet as of September 30, 2011 are summarized in the table below. The adjustments set forth in the column captioned “Settlement of Liabilities” reflect the effects of the implementation of the Plan, including, among other things, the discharge and settlement of liabilities subject to compromise based on claims allowed for the Reorganized Debtors by the Bankruptcy Court, the issuance of Successor CFGI common stock to holders of allowed claims in satisfaction of such claims for the Reorganized Debtors and the incurrence of new indebtedness. The adjustments set forth in the column captioned “Retire Existing Equity” include, among other things, the cancellation of all mezzanine equity, common stock and capital paid in excess of par of Predecessor CFGI. The adjustments set forth in the column captioned “Fresh Start Accounting Adjustments” reflect, among other things, adjustments to the carrying values of our assets and liabilities to reflect their fair values and the elimination of retained deficit and accumulated other comprehensive income as a result of the application of fresh start accounting in accordance with ASC 852.

(in thousands)	Predecessor CFGI September 30, 2011 (1)	Settlement of Liabilities		Retire Existing Equity	Fresh Start Accounting Adjustments	Successor CFGI September 30, 2011
Assets						
Cash and cash equivalents	$ 3,459,444	$ (1,402,059)	**(2)**	$ —	$ —	$ 2,057,385
Restricted cash	80,774	405,653	**(3)**	—	—	486,427
Accounts and other receivables	75,816	—		—	(831)	74,985
Investment securities available for sale	701,022	—		—	—	701,022
Loans held for sale	1,064,026	—		—	3,331,988	4,396,014
Loans held for investment	3,300,787	—		—	(3,300,787)	—
Real estate investments	650,206	—		—	19,689	669,895
Equity investments	323,588	—		—	9,663	333,251
Other assets	199,732	—		—	(86,465)	113,267
Assets of discontinued operations	1,182,593	—		—	(62,736)	1,119,857
Total assets	$11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103
Liabilities and Equity						
Liabilities:						
Debt	$ 6,863,077	$(6,499,264)	**(4)**	$ —	$(252,771)	$ 111,042
Secured debt	—	1,250,000	**(5)**	—	(8,017)	1,241,983
Other borrowings	899,744	(250,001)	**(6)**	—	3,697	653,440
Deposit liabilities	3,874,388	—		—	51,616	3,926,004
Other liabilities	319,599	(88,097)	**(7)**	—	72,734	304,236
Liabilities of discontinued operations	530,277	(3,577)	**(7)**	—	28,384	555,084
Total liabilities	12,487,085	(5,590,939)		—	(104,357)	6,791,789
Commitments and Contingent Liabilities						
Mezzanine Equity	71,502	—		(71,502)	—	—
Equity:						
Common stock	413	100	**(8)**	(413)	—	100
Capital paid in excess of par value	2,066,855	1,846,121	**(8)**	253,878	(1,476,054)	2,690,800
Retained deficit	(4,261,910)	2,748,312		—	1,513,598	—
Total accumulated other comprehensive (loss) income, net of tax	181,963	—		(181,963)	—	—
Total stockholders’ equity	(2,012,679)	4,594,533		71,502	37,544	2,690,900
Noncontrolling interests	492,080	—		—	(22,666)	469,414
Total liabilities and equity	$ 11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103

Notes:

(1) Represents Predecessor CFGI balances immediately prior to the application of fresh start accounting.

(2) Includes $900.0 million Successor CFGI and certain of the Reorganized Debtors distributed to the Plan disbursing agent for the benefit of holders of the allowed general unsecured claims and the reserve for disputed general unsecured claims, $85.0 million in connection with a settlement reached between Crystal Ball and the holders of Unsecured Loans and Unsecured Notes, $9.2 million for professional fees and $2.2 million for allowed administrative, priority and convenience class claims. Also includes cash transferred to restricted cash in (3) below.

(3) Includes $361.0 million deposited with the Secured Notes indenture trustee for an October 2011 initial principal prepayment, $25.0 million of balances in escrow for interest related to the Secured Notes and $19.6 million distributed to the Plan disbursing agent to fund the reserves for disputed administrative, priority and convenience class claims.

(4) Includes discharge of bankruptcy claim liabilities subject to compromise pursuant to the Plan consisting of $4.1 billion for the Unsecured Loans and $2.3 billion for the Unsecured Notes.

(5) Represents issuance of Secured Notes.

(6) Represents discharge of Predecessor CFGI trust preferred securities pursuant to the Plan.

(7) Represents discharge of bankruptcy claim liabilities subject to compromise pursuant to the Plan, excluding those in (4) and (6).

(8) Represents issuance of Common Stock.

4. Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

The accompanying consolidated balance sheet has been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). The preparation of the balance sheet in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported amounts of revenue and expense. The Company’s estimates and assumptions are affected by risks and uncertainties associated with credit exposure and interest rate and market spread volatility. Management bases their estimates on historical corporate and industry experience and various other assumptions they believe are appropriate under the circumstances, including market-based inputs when available. Future changes in credit and market trends and conditions may occur which could cause actual results to differ materially from the estimates used in preparing the accompanying consolidated balance sheet. Certain of the Company’s accounting estimates require higher degrees of judgment and are more complex than others in their application. For all of these estimates, future events rarely develop exactly as forecasted and, therefore, routinely require adjustment.

The accompanying consolidated balance sheet includes financial information for Capmark Financial Group Inc. and its consolidated subsidiaries, including Capmark Bank and those VIEs where the Company is deemed the primary beneficiary as discussed below. All significant intercompany accounts and transactions have been eliminated in consolidation. As detailed in Note 3, the consolidated balance sheet includes the effects of adopting fresh start accounting upon emergence from bankruptcy.

The Company has involvement with entities that are VIEs under the provisions of ASC 810. VIEs are entities in which the equity holders do not have sufficient equity at risk for the entity to finance its activities without additional financial support or lack one or more of the characteristics of a controlling financial interest. The controlling financial interest in a VIE is held by the entity with 1) the power to direct the activities that most significantly impact the VIE’s economic performance; and 2) the obligation to absorb losses or the right to receive benefits from the VIE that could potentially be significant to the VIE. The entity with both characteristics consolidates the VIE and is referred to as the primary beneficiary.

The Company consolidates VIEs for which it is deemed the primary beneficiary. The determination of the primary beneficiary is performed on an ongoing basis and involves a qualitative analysis that includes an assessment of the characteristics of the VIE and the interests of the variable interest holders in the VIE.

For investment partnerships and similar entities (e.g., limited liability companies) in which the Company serves as general partner or managing member through one of its subsidiaries but which are not considered to be VIEs under ASC 810 and are not otherwise within the scope of ASC 810-10, the Company follows the guidance in ASC 810-20, *Control of Partnerships and Similar Entities* ("ASC 810-20") to determine whether it needs to consolidate these entities. Generally, if the limited partners or non-managing members of these entities have substantive rights to remove the Company as the general partner or managing member without cause, or to cause the entity to be liquidated, or have other substantive participating rights, the Company does not consolidate these entities. If the limited partners or non-managing members do not have such rights, the Company consolidates the entities as it is considered to have control through its variable interest.

The financial statements of subsidiaries outside the United States of America are generally measured using the local currency as the functional currency. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars using observable exchange rates as of the balance sheet date.

Recently Issued Accounting Standards

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurements (Topic 820):Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS* ("ASU 2011-04"). Included in the guidance are conforming amendments to International Accounting Standards Board which do not change the application of ASC 820. Updates to GAAP include additional disclosure requirements for Level 3 items (as defined by the ASC 820 fair value hierarchy) as well as leveling disclosure requirements for items that are not measured at fair value but for which fair value is disclosed. In addition, the updated guidance includes clarification that the highest and best use concept is applicable only to nonfinancial assets and liabilities. For nonpublic entities, ASU 2011-04 is effective for annual periods beginning after December 15, 2011. The Company is currently evaluating the impact of adopting the guidance in ASU 2011-04.

5. Investment Securities Available For Sale

Investment securities classified as available for sale include: securities backed by Ginnie Mae, Fannie Mae and Freddie Mac (government sponsored enterprise or "GSE securities"); commercial paper; and other investment securities. For investments securities classified as available for sale, the amortized cost and fair value are the same at September 30, 2011 due to the application of fresh start accounting under which fair value becomes the new cost basis.

The following table summarizes the fair value of the Company's investment securities classified as available for sale as of September 30, 2011, by security type (in thousands):

	Fair value
GSE securities	$ 430,336
Commercial paper	249,604
Other securities	21,082
Total	$ 701,022

The Company has pledged investment securities classified as available for sale with a fair value of $430.3 million as of September 30, 2011, primarily to support advances received by Capmark Bank from the Federal Home Loan Bank of Seattle ("FHLB"). See Note 9 for a discussion of the assets pledged for the Secured Notes.

The following table summarizes the maturities of debt securities classified as available for sale as of September 30, 2011 (in thousands):

	Fair value
Due in one year or less	$ 306,209
Due after one year through five years	377,049
Due after five years through ten years	5,948
Due after ten years	11,816
Total	$701,022

The maturities reported in the above table reflect the instruments' final maturity dates. Actual maturities may differ from the maturities reported above due to periodic payments and prepayments.

6. Loans Held for Sale

Loans classified as held for sale consist of domestic and international, fixed and floating rate loans that are secured by commercial and multifamily real estate properties. The following table summarizes the estimated fair value of the Company's loans held for sale by collateral type, as of September 30, 2011 (in thousands):

Collateral type	Fair value	Percent of portfolio
Hospitality	$ 1,146,810	26%
Healthcare	917,790	21
Office	657,219	15
Multifamily	615,798	14
Retail	333,800	8
Mixed-use and other(1)	724,597	16
Total	$ 4,396,014	100%

Note:

(1) Mixed-use and other consists of loans secured by properties with more than one commercial real estate property type, loans secured by pools of mixed property types, plus loans secured by various other property types including, but not limited to, undeveloped land, industrial properties, condominiums, and golf courses.

The following table summarizes the composition of the Company's loans held for sale by geographical location as of September 30, 2011 (in thousands).

Location	Amount	Percentage of portfolio
Chicago	$ 369,422	8%
Southern California	356,178	8
Metropolitan New York	242,275	6
Dallas	226,863	5
Orlando	187,169	4
Washington, D.C.	182,768	4
San Francisco	173,191	4
Boston	174,952	4
Atlanta	154,605	4
Denver	112,464	3
New Orleans	45,175	1
New Haven, CT	42,552	1
Other—North America	2,039,397	46
Europe	78,669	2
Asia	10,334	—
Total	$ 4,396,014	100%

The Company has pledged loans held for sale with an estimated fair value totaling $584.1 million as of September 30, 2011 to support debt obligations other than the Secured Notes. See Note 9 for a discussion of the assets pledged for the Secured Notes.

7. Real Estate Investments

The following table summarizes the estimated fair value of the Company's real estate investments as of September 30, 2011, by classification and geographic region (in thousands):

	North America	Asia	Total
Acquired through foreclosure	$ 424,730	$ 51,699	$ 476,429
Held for sale	—	111,727	111,727
Held for investment	—	81,739	81,739
Total	$ 424,730	$ 245,165	$ 669,895

Real estate held for sale consists of real estate assets in Asia that are expected to be disposed of by sale within one year. Real estate held for investment consists primarily of office buildings, hotels, retail and vacant land utilized as parking lots in Asia. The Company transfers loan assets to real estate acquired through foreclosure when it holds title or deed to the underlying collateral or if it determines that the Company has substantive control of the underlying collateral.

Real estate acquired through foreclosure as of September 30, 2011 included eight assets classified as in-substance foreclosure totaling $96.9 million. See Note 11 for further discussion of these real estate investments.

See Note 9 for a discussion of the assets pledged for the Secured Notes.

8. Equity Investments

The following table summarizes the estimated fair value of the Company's equity investments as of September 30, 2011 by investment type (in thousands):

	Fair value	Percent of portfolio
Investments in real estate investment funds and other real estate ventures in the United States	$ 195,289	59%
Investments in entities that hold foreclosed real estate assets in the United States	57,493	17%
Investments in real estate projects, joint ventures and real estate equity investment funds in Europe	13,468	4%
Other	67,001	20%
Total	$ 333,251	100%

Investments in real estate investment funds in the United States. The Company made investments in real estate partnerships and limited liability companies in the form of limited or member ownership interests. These equity funds invest in various real estate ventures with real estate developers, the purpose of which is to acquire, maintain and develop improved and unimproved real property located primarily within the United States, either directly or indirectly through equity interests. The period for new investments has terminated for all of these funds. The remaining commitments are solely for existing assets and fund operations. The Company also acquired and holds equity positions in several multifamily and a retail real estate project in the form of limited partnerships and limited liability companies. The Company also made and holds investments in debt investment limited partnerships which focus their investment strategy on mortgage loans and securities, opportunistic lending consisting primarily of mezzanine loans, preferred equity and bridge loans, and as market conditions allow, high yield CMBS. These partnerships are no longer making new investments.

Investments in real estate projects, joint ventures and real estate equity investment funds in Europe. The Company made investments in real estate partnerships and companies in the form of unit trust or share ownership interests. These investments are focused primarily on underperforming commercial real estate properties in European markets that have the potential to generate returns through capital improvements, re-leasing, intensive management, repositioning and financial restructuring.

Investments in entities that hold foreclosed real estate assets in the United States. The Company has equity investments in entities that hold foreclosed real estate assets. This typically occurs when the Company, along with other co-lenders, forecloses on real estate collateral. The foreclosed real estate assets are transferred to a real estate holding entity in which the co-lenders, including the Company, have an equity interest. As the Company has not consolidated these real estate holding entities, the Company's investments in these entities are included in equity investments.

Other. Other primarily includes equity investments accounted for under the cost method. Other includes an investment in the capital stock of the FHLB of $58.0 million as of September 30, 2011. The Company pledged the investment in the capital stock of the FHLB as of September 30, 2011 to support advances received by Capmark Bank.

See Note 9 for a discussion of the assets pledged for the Secured Notes.

9. Debt and Other Borrowings

The following table summarizes the Company's outstanding borrowings and weighted average contractual interest rates in effect as of September 30, 2011 (in thousands):

	Estimated Fair Value	Contractual Amount	Weighted Average Rate
Secured notes	$ 1,241,983	$ 1,250,000	7.8%
Japanese settlement agreement	111,042	151,068	2.4%
Other borrowings	653,440	649,743	0.9%
Total	$ 2,006,465	$ 2,050,811	5.3%

The Company has both U.S. dollar and non-U.S. dollar denominated borrowings. As of September 30, 2011, total borrowings included $1.9 billion funded in U.S. dollars and $111.0 million funded in Japanese yen. As of September 30, 2011, total borrowings consisted of $460.9 million issued at a fixed rate and $1.5 billion issued at a variable rate.

The rates shown in the table above represent the contractual interest rates in effect as of September 30, 2011.

Secured Notes

On September 30, 2011, pursuant to the Plan, the Company issued $1.25 billion of first lien Secured Notes. The Secured Notes were issued under an indenture dated September 30, 2011 ("Indenture") in two series: $750 million floating rate first lien A Notes priced at three-month LIBOR plus 5.00%, maturing September 30, 2014 and $500 million floating rate first lien extendible B Notes priced at three-month LIBOR plus 7.00%, maturing September 30, 2015. The three-month LIBOR interest rate for the Secured Notes, for an interest period, is the greater of 2.0% or the three-month LIBOR rate. The maturity date of the B Notes is September 30, 2015, but the maturity date may be extended by the Company in two successive 1 year periods. The Secured Notes are repaid quarterly based upon excess cash as generally defined by the Indenture as the amount by which unrestricted cash exceeds certain working capital reserves. Except in certain circumstances, the Secured Notes do not have a prepayment premium.

The Secured Notes are guaranteed by the Obligors. The Secured Notes are secured by a first priority pledge (subject to permitted liens), security interest and lien on substantially all of the loan assets, financial assets (including intercompany loans), equity interests (excluding the capital stock of Capmark Bank), and investments owned by the Obligors and the proceeds received from any such assets. Additional subsidiaries may become guarantors in future periods if they meet specific criteria defined within the Indenture.

The Indenture under which the Secured Notes were issued contains certain financial, affirmative and negative covenants. The Indenture covenants include restrictions on the ability of the Obligors and certain of their subsidiaries to grant liens to secure indebtedness, declare dividends on, redeem, retire or repurchase common stock, limitations on asset dispositions and limitations on activity with affiliate entities. The Indenture under which the Secured Notes were issued includes covenants which obligate the Company to provide periodic financial reports to the trustee and to post those reports to its publicly-available website.

The Company funded $361.0 million for an initial redemption of the A Notes on September 30, 2011, which is included in Restricted Cash on the consolidated balance sheet. The principal payment on the A Notes was effective on October 5, 2011.

Management believes that the Company was in compliance with its covenant requirements for the Secured Notes as of September 30, 2011.

Settlement of Japanese Loans under the Unsecured Credit Agreement ("Japanese Settlement Agreement")

On March 23, 2006, Predecessor CFGI and certain of its subsidiaries entered into a $5.5 billion unsecured credit agreement which included a $2.75 billion multi-currency revolving credit facility and a $2.75 billion multi-currency term loan facility each with a final maturity date of March 23, 2011. Two of the Company's subsidiaries, Capmark Japan KK and Capmark Funding Japan KK ("Japanese Borrowers") as well as Crystal Ball, Predecessor CFGI and certain of its other subsidiaries were severally, but not jointly, liable for their respective obligations under the credit agreement. In addition, Predecessor CFGI and certain of its subsidiaries were also guarantors of the obligations under the credit agreement and were jointly and severally liable for their respective obligations.

On the commencement date of the bankruptcy, the beneficial owners of the Japanese Yen denominated portions of the credit agreement (the "Japanese Lenders") were owed ¥41.5 billion (approximately $450.1 million) (referred to herein as the "Japanese Loans"). Additionally, the Japanese Borrowers owed Predecessor CFGI and Capmark Finance approximately ¥102.7 billion (approximately $1.1 billion) under their intercompany loan agreements. In a settlement agreement approved by the Bankruptcy Court in January 2011 (the "Japanese Settlement Agreement"), the Japanese Borrowers agreed to an initial cash distribution to the Japanese Lenders, Predecessor CFGI and Capmark Finance in partial satisfaction of the outstanding amounts as well as all accrued and unpaid interest through the date of the distribution. In addition, future cash flows from the monetization of certain assets from the Japanese Borrowers operations are to be distributed, on a pro rata basis based upon the outstanding principal balance of the Japanese Loans and intercompany loans. The Japanese Settlement Agreement also provided for the guarantee claim against Predecessor CFGI and its subsidiaries equal to 85 percent of the principal amount of the loans owed by the Japanese Borrowers as well as a commitment that insolvency proceedings would not be pursued against the Japanese Borrowers. Under the Plan, an initial distribution of $113.0 million in cash and Secured Notes along with 5.2 million shares of Common Stock was made on September 30, 2011 to the Plan's disbursing agent for the benefit of the Japanese Lenders in respect of their guarantee claims and the value of such consideration is deemed a repayment of principal outstanding on the Japanese Loans. Pursuant to the Plan, the claims of the Japanese Lenders under the guarantees of the Japanese Loans were discharged against Successor CFGI and the other Reorganized Debtors. Consequently, the Japanese Borrowers are the only obligors on the remaining balance of the Japanese Loans under the terms of the Japanese Settlement Agreement.

In accordance with the Japanese Settlement Agreement, distributions to the Japanese Lenders, including distributions under the Company's Plan, shall not exceed 100% of the outstanding principal amounts due under the Japanese Loans at the effective date of the settlement agreement, plus any interest that has accrued on the outstanding amount thereof. Through September 30, 2011, the Japanese Borrowers have distributed ¥13.4 billion, ¥31.8 billion and ¥2.7 billion in cash to the Japanese Lenders, Capmark Finance and Predecessor CFGI, respectively.

The amount owed under the unsecured credit agreement at September 30, 2011 is ¥11.7 billion (approximately $151.1 million) and is reported on the consolidated balance sheet at its estimated fair value of $111.0 million, which is the present value of estimated future payments from the Japanese Borrowers to the Japanese Lenders under the Japanese Settlement Agreement discounted at 13.6%. This discount rate approximates the weighted average discount rate used in the fair value estimation of certain assets, the monetization of which will be distributed as described above.

Other borrowings

Capmark Bank has entered into a secured funding facility with the FHLB. Borrowings under this arrangement provide for long-term funding that is collateralized with loans or investment securities that meet the eligibility requirements. The borrowings were issued at terms ranging from five to seven years. Interest rates are fixed or variable based on market rate indices and interest is generally paid monthly. The Company had $394.8 million of indebtedness outstanding under this facility as of September 30, 2011. As of September 30, 2011, borrowings under this facility had a weighted average remaining maturity of 16 months.

The Company has secured borrowings related to transfers of financial assets where the transactions do not qualify as sales under ASC 860, *Transfers and Servicing* ("ASC 860") and are accounted for as financings. The funds received are recorded as liabilities in other borrowings on the consolidated balance sheet. These liabilities are generally payable from the cash flows of the related assets which did not meet derecognition criteria under GAAP and continue to be recognized on the Company's consolidated balance sheet as restricted cash or loans held for sale. As of September 30, 2011, the Company had $57.6 million of restricted cash and $241.8 million of loans held for sale, which are considered a pledge of collateral and $258.7 million of liabilities on the consolidated balance sheet as a result of accounting for certain transfers of financial assets as financings.

Management believes that the Company was in compliance with its covenant requirements for all other borrowings as of September 30, 2011.

Maturities

The following table reflects the scheduled contractual maturity of the Company's borrowings as of September 30, 2011 through September 30 of each year indicated in the table assuming that no early redemptions will occur. The actual payment of secured borrowings may vary based on the payment activity of the related secured assets (in thousands):

2012	$ 129,095
2013	287,008
2014	814,126
2015	718,001
2016	79,819
2017 and thereafter	22,762
Total other borrowings	$ 2,050,811

Pledged Assets

The Secured Notes are secured by a first priority pledge (subject to permitted liens), security interest and lien on substantially all of the domestic loan assets, financial assets (including cash and intercompany loans), equity interests (excluding the capital stock of Capmark Bank), and investments owned by the Obligors and the proceeds received from any such assets.

The following table summarizes assets of continuing operations that are pledged as collateral for the payment of FHLB borrowings and secured borrowings for transactions that do not qualify as sales under ASC 860, as of September 30, 2011 (in thousands):

	September 30, 2011
	Other Secured Borrowings (Excludes Secured Notes)
Restricted cash	$ 57,636
Investment securities classified as available for sale	430,336
Loans held for sale	584,092
Equity investments(1)	57,979
Total assets pledged as collateral	$ 1,130,043
Related secured borrowings	$ 653,440

Note:

(1) Represents an investment in the capital stock of the FHLB.

The following table bifurcates the assets pledged as collateral for Capmark Bank and for the continuing operations of the rest of the Company, excluding collateral for Secured Notes, as of September 30, 2011 (in thousands):

	September 30, 2011
Capmark Bank:	
Total assets	$ 6,244,696
Total assets pledged as collateral(1)	830,600
Related secured borrowings	394,766
Non-Capmark Bank:	
Total assets from continuing operations	$ 2,587,550
Total assets from continuing operations pledged as collateral	299,443
Related secured borrowings	258,674

Note:

(1) Represents the principal amount of investments available for sale and loans held for sale pledged to the FHLB and not the borrowing capacity.

10. Deposit Liabilities

The following table summarizes Capmark Bank's estimated fair value of deposit liabilities as of September 30, 2011 (in thousands):

	Fair Value	Contractual Amount
Brokered certificates of deposit	$ 3,750,352	$ 3,600,280
Institutional time deposits	175,652	175,017
Total	$ 3,926,004	$ 3,775,297

The deposits of Capmark Bank are primarily interest-bearing and insured by the FDIC, subject to current insurance program limits. The weighted average interest rate for total deposits was 3.5% as of September 30, 2011.

The following table summarizes the scheduled contractual maturity of Capmark Bank's deposits as of September 30, 2011 through September 30 of each year indicated in the table (in thousands):

2012	$ 1,804,797
2013	1,136,251
2014	834,249
Total deposit liabilities	$ 3,775,297

11. Variable Interest Entities

The Company is involved with various entities in the normal course of business that may be deemed to be VIEs. A VIE is an entity in which the equity investors do not have sufficient equity at risk for the entity to finance its activities without additional financial support or lack one or more of the characteristics of a controlling financial interest. The characteristics of a controlling financial interest are as follows: the power through voting rights or similar rights to direct the activities of the entity that most significantly impact the entity's economic performance, the obligation to absorb the expected losses and the right to receive the expected residual returns. The primary beneficiary of a VIE is the entity whose variable interests in the VIE provide it with the characteristics of a controlling financial interest, which includes the power to direct activities that most significantly impact the VIE's economic performance and the obligation to absorb losses of the VIE or the right to receive benefits of the VIE that could potentially be significant to the VIE. The Company consolidates VIEs for which it is determined to be the primary beneficiary. The Company holds significant variable interests in VIEs in which it may or may not be the sponsor and that have not been consolidated because it is not considered the primary beneficiary.

Upon initial involvement with an entity, the Company determines if the entity is a VIE and whether the Company is the primary beneficiary of the VIE. The Company reassesses the VIE status of an entity upon the occurrence of a reconsideration event and the determination of the primary beneficiary of a VIE is made on a continuous basis. In making the initial and any subsequent determinations, the Company uses a qualitative approach based on an assessment of the purpose and design of the VIE as well as the risks it was designed to create and pass to its variable interest holders. The assessment also includes consideration of the Company's involvement in the VIE and the involvement of the other variable interest holders in the VIE.

The significant judgments and assumptions made by the Company in determining whether to disclose the Company's involvement with a VIE and whether to consolidate a VIE, including a description of the Company's involvement in the VIE, are discussed below.

Continuing Operations

The following table sets forth the total assets and liabilities of consolidated VIEs for which the Company's continuing operations are the primary beneficiary (in thousands):

	New markets tax credit funds	Real estate investments	Total
As of September 30, 2011			
Restricted cash	$ 66,922	$ 3,558	$ 70,480
Accounts and other receivables	1,465	3,599	5,064
Loans held for sale	370,060	—	370,060
Real estate investments	27,641	96,867	124,508
Other assets	3,042	2,468	5,510
Total assets (1)	$ 469,130	$ 106,492	$ 575,622
Other borrowings	—	2,300	2,300
Other liabilities	4,469	8,423	12,892
Total liabilities(1)	$ 4,469	$ 10,723	$ 15,192
Noncontrolling interests	$ 147	$ 454	$ 601

Note:

(1) Amounts represent the carrying amount of the VIE's assets and liabilities included on the Company's consolidated balance sheet after accounting for intercompany eliminations.

The following table sets forth the total assets and liabilities, and sources of maximum exposure of entities deemed to be VIEs related to the Company's continuing operations for which the Company is not considered to be the primary beneficiary and which are not consolidated by the Company, including significant variable interests as well as sponsored entities with a variable interest (in thousands):

	Size of VIEs(1)	Carrying amount of assets(2)	Carrying amount of liabilities(2)	Maximum exposure to loss(3) Commitments	Loans and investments	Other	Total
As of September 30, 2011							
Loans held for sale	$ 2,510,527	$ 1,759,714	$ —	$ 26,897	$1,756,777	$ 2,937	$ 1,786,611
New markets tax credit funds	503,155	171,117	—	—	156,959	14,158	171,117
Collateralized debt obligations	374,754	8,810	—	—	8,810	—	8,810
CMBS securitization trusts	1,698,148	3,704	—	—	3,704	—	3,704
Total	$ 5,086,584	$ 1,943,345	$ —	$ 26,897	$ 1,926,250	$ 17,095	$ 1,970,242

Notes:

(1) Size of the VIEs represents the amount of the underlying assets held by the VIEs.

(2) Amounts represent the carrying amount of the Company's variable interest included in assets and liabilities on the Company's consolidated balance sheet.

(3) Maximum exposure to loss is based on the assumption that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets included on the consolidated balance sheet, but also potential losses associated with off-balance sheet commitments such as unfunded liquidity and/or lending commitments and other contractual arrangements.

The Company has evaluated its investments and other interests in entities that may be considered VIEs under the provisions of ASC 810. The following describes the VIEs in which the Company's continuing operations have a significant variable interest, in circumstances where the Company consolidates the VIE and in circumstances where the Company does not consolidate the VIE, as appropriate.

Loans Held for Sale. As discussed in Note 6, the Company's portfolio of loans held for sale consists of loans secured by commercial and multifamily real estate properties. These are non-recourse loans made to special purpose entities ("borrower SPEs") that were created and designed to obtain financing for the purchase and or development of commercial and multifamily real estate with the financing to be repaid through the operations, refinancing or sale of the underlying property. The Company has determined that certain of the borrower SPEs are considered VIEs under ASC 810. The Company is not considered the primary beneficiary for the borrower SPEs because it does not have the power to direct the activities that most significantly impact the economic performance of the VIE.

New Markets Tax Credit Funds. Prior to emergence from bankruptcy, the Company syndicated and managed investments in partnerships that made investments, typically mortgage loans that, in turn, qualify the partnerships to earn new markets tax credits. The Company discontinued its syndication activities in 2008 and focused on the management of these partnerships. Also, on April 15, 2011, the Company transferred certain of its financial interests related to the partnerships to US Bancorp. The transfers of the majority of these financial assets did not meet the criteria for sale accounting under ASC 860 and were accounted for as financings with related secured borrowings. As discussed in other borrowings in Note 9, the balance of such secured borrowings at September 30, 2011 is $258.7 million. Therefore, the Company continues to have a variable interest in these partnerships.

New markets tax credits permit taxpayers to receive a federal income tax credit for making qualified equity investments in community development entities. The Company has determined that these partnerships are considered VIEs under ASC 810 and the Company is considered to have a variable interest.

For certain of these partnerships, the Company is considered the primary beneficiary because it has the power to direct activities that most significantly impact the economic performance of the partnership and has therefore consolidated the partnerships under ASC 810. The assets in these consolidated partnerships are reported primarily as a component of loans held for sale on the Company's consolidated balance sheet. As of September 30, 2011, there were $469.1 million in assets of such consolidated partnerships included on the consolidated balance sheet. Neither the creditors nor equity investors in the new market tax credit funds have any recourse to the general credit of the Company.

For certain of these partnerships, the Company is not considered the primary beneficiary under ASC 810 because the Company does not have the power to direct the activities that most significantly impact the economic performance of the VIE. As of September 30, 2011, these partnerships had assets of $171.1 million. The partnerships have loans from the Company which are reported as a component of loans held for sale on the Company's consolidated balance sheet. The Company's maximum exposure to loss in these partnerships is attributable to loans to the partnerships.

Collateralized Debt Obligations. Prior to its entry into bankruptcy, the Company sponsored and purchased subordinated equity interests in collateralized debt obligations ("CDOs") which are considered VIEs under ASC 810. The Company also served as the collateral manager for the CDOs prior to its emergence from bankruptcy. In CDO transactions, a bankruptcy-remote SPE is established that purchases a portfolio of securities and loans and issues debt and equity certificates, representing interests in the portfolio of assets. Once the CDO transaction was completed and the securities were issued by the CDO, the Company had no further obligation to provide financial support to the CDO.

The results of the primary beneficiary analysis for the CDOs support the conclusion that the Company is not the primary beneficiary under ASC 810 because the Company does not have the power to direct the activities that most significantly impact the economic performance of the VIE. The Company's maximum exposure to loss for CDOs where the Company is not the primary beneficiary represents the Company's retained interests in these variable interest entities reported as a component of investment securities classified as available for sale on the consolidated balance sheet.

Real Estate Investments. Prior to emergence from bankruptcy, the Company made loans secured by commercial and multifamily real estate properties. These are non-recourse loans made to borrower SPEs that were created and designed to obtain financing for the purchase and/or development of commercial and multifamily real estate with the financing to be repaid through the operations, refinancing or sale of the underlying property. The Company has determined that certain of the borrower SPEs are considered VIEs under ASC 810. The Company is considered the primary beneficiary for certain of the borrower SPEs because, through its physical possession and substantive control of the real estate collateral (commonly referred to as in-substance foreclosure) held by the borrower SPE, the Company has the power to direct the activities that most significantly impact the economic performance of the borrower SPE. The assets on the consolidated borrower SPEs are reported as a component of real estate investments on the Company's consolidated balance sheet. Liabilities of these partnerships are reported as components of other liabilities on the Company's consolidated balance sheet. The maximum exposure to loss was approximately $106.5 million as of September 30, 2011 and represents the value of the real estate collateral and related assets.

CMBS Securitization Trusts. Prior to its entry into bankruptcy, the Company sold commercial mortgage loans to special purpose trusts in exchange for the proceeds from the sale of securities issued by the trusts. The Company has determined that these trusts' activities are generally limited to acquiring the assets, issuing securities, collecting payments on assets and making payments on the securities. The holders of the securities issued under these trusts do not have any recourse to the general credit of the Company. The trusts are considered VIEs under ASC 810. The Company is not considered the primary beneficiary of these trusts because the Company does not have the power to direct the activities that most significantly impact the economic performance of the trusts. The Company's maximum exposure to loss for these entities is limited to the Company's retained interests in the trusts. The Company's portion of these assets is reported as a component of investment securities classified as available for sale and loans held for sale on the Company's consolidated balance sheet.

Discontinued Operations

Assets of discontinued operations and liabilities of discontinued operations on the Company's consolidated balance sheet as of September 30, 2011 include $896.4 million of assets, $423.3 million of liabilities and $448.6 million of non-controlling interest, respectively, for 67 guaranteed upper-tier tax credit funds, lower-tier operating partnerships and asset securitization VIEs which are consolidated by the Company because the Company is the primary beneficiary.

The fair value of the assets included in assets of discontinued operations on the Company's consolidated balance sheet as of September 30, 2011 related to the Company's variable interest in 472 non-consolidated VIEs for lower-tier operating partnerships and non-guaranteed upper-tier tax credit funds is $416.4 million. The lower-tier operating partnerships and non-guaranteed upper-tier tax credit funds have underlying assets of $5.5 billion. The Company's discontinued operations have a maximum exposure to loss of $1.2 billion related to commitments, guarantees and collateral, and loans and investments for non-consolidating VIEs for lower-tier operating partnerships and non-guaranteed upper-tier tax credit funds as of September 30, 2011. See Note 13 for a discussion of Discontinued Operations.

12. Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC 740. Under ASC 740 the tax effects of an economic transaction are recognized only if it is “more-likely-than-not” to be sustained solely on its technical merits. The “more-likely-than-not” threshold represents a positive assertion by management that a company is entitled to the economic benefits of a tax position. If a tax position is not considered “more-likely-than-not” to be sustained based solely on its technical merits, no benefits of the tax position are to be recognized.

The Company establishes valuation allowances for its deferred tax assets based on a “more-likely-than-not” threshold. The Company’s ability to realize its deferred tax assets depends on its ability to generate sufficient taxable income within the carryback or carryforward periods provided for by law within each applicable tax jurisdiction. Management evaluates all positive and negative evidence, including scheduled reversals of existing deferred tax liabilities, projected future taxable income and tax planning strategies. Management also considers the nature, frequency and severity of recent losses and the duration of statutory carryforward periods. In making such judgments, significant weight is given to evidence that can be objectively verified. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable.

The Internal Revenue Service Code (“Code”) generally requires income from cancellation of indebtedness to be recognized and included in taxable income of the Predecessor CFGI entity. Recognition is not included in income, if the cancellation of indebtedness income is realized pursuant to a confirmed plan of reorganization, however certain tax attributes must be reduced, as was the case for the Predecessor CFGI.

In accordance with the Code, the Company estimates that it will reduce certain tax attributes by approximately $1.9 billion as of January 1, 2012. The amount of the reduction is equal to the amount of cancellation of indebtedness income that the Company expects to exclude from taxable income of Predecessor CFGI. The Company calculated cancellation of debt income of $1.9 billion, which equaled the excess of indebtedness discharged of $6.8 billion over the value of consideration given in the reorganization, which consisted of equity valued at $2.7 billion, cash of $985.0 million and debt of $1.25 billion. The Company established a $1.9 billion deferred tax liability for cancellation of indebtedness income and reduced our valuation allowance by the same amount.

The Company’s reorganization constituted an ownership change under Section 382 of the Code which places an annual dollar limit on the use of Predecessor CFGI net operating loss (“NOL”) carry forwards, capital loss carry forwards and other tax attributes. The calculation of the annual limitation of usage of Predecessor CFGI tax attributes is based on a percentage of the equity value immediately after any ownership change.

At September 30, 2011, the Company had federal NOL and capital loss carry forwards of approximately $3.0 billion prior to cancellation of indebtedness income. After cancellation of indebtedness income, the Company estimates remaining federal NOL and capital loss carry forwards of $1.1 billion. The capital loss carry forwards expire in years beginning after 2015. NOL carry forwards expire from 2028 through 2030.

The Company has state NOL carry forwards and foreign NOL carry forwards as of September 30, 2011. The state NOL carry forwards expire in various years beginning after 2013. The foreign NOL carry forwards begin expiring in various years after 2015.

At September 30, 2011, the Company has not recorded any net deferred tax assets. Realization of the net deferred tax assets is dependent on generating sufficient taxable income prior to the expiration of the loss and credit carry forwards. The Company does not believe it is more likely than not that the deferred tax assets related to loss carry forwards and credits will be realized. In recognition of this conclusion, the Company has established a valuation allowance as of September 30, 2011 on the federal, state, and foreign deferred tax assets; including federal, state, and foreign net operating losses, tax credit carry forwards, and temporary tax differences, net of any deferred tax liabilities. If or when recognized, the tax benefit relating to any reversal of the valuation allowance on deferred tax assets as of September 30, 2011 will be accounted for as a reduction of income tax expense.

At September 30, 2011, the Company recorded approximately $16.6 million in unrecognized tax benefits. The Company recognized a liability of approximately $8.4 million attributable to interest and penalties as of September 30, 2011.

The Company operates in multiple tax jurisdictions, both within and outside the United States. Accordingly, the Company is, from time to time, under examination in certain tax jurisdictions and remains subject to examination until the statute of limitations expires for the respective tax jurisdiction. Within specific countries, the Company may be subject to audit by various tax authorities, or subsidiaries operating within the country may be subject to different statute of limitations expiration dates. The following table summarizes the tax years that remain subject to examination in the Company's major tax jurisdictions as of September 30, 2011:

United States—federal	2009-2010
United States—states	2006-2010
Japan	2006-2010
Ireland	2006-2010

Based upon the expiration of statutes of limitations and/or conclusion of tax examinations in several jurisdictions, management does not believe that it is reasonably possible that any of the previously unrecognized tax benefits as of September 30, 2011 for the items discussed above will decrease materially within the next 12 months.

13. Discontinued Operations

ASC 205-20, *Discontinued Operations*, sets forth the financial accounting and reporting requirements for discontinued operations of a component of an entity. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. The results of operations of a component of an entity that either has been disposed of or is classified as held for sale shall be reported in discontinued operations if both of the following conditions are met: (a) the operations and cash flow of the component have been (or will be) eliminated from the ongoing operations of the enterprise as a result of the disposal transaction and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction.

The Company has an agreement to sell substantially all the assets of the LIHTC business to Hunt Companies, Inc. in a transaction approved by the Bankruptcy Court in September 2011 ("LIHTC Sale"). Under the terms of the $115.4 million sale agreement, the initial sale of assets for $63.1 million closed on October 7, 2011 and included those assets for which the Company had been able to achieve settlements and restructuring of the underlying transactions with counterparties as of that date. The sale agreement also includes provisions for future sales of assets for $52.3 million for the remainder of the asset portfolio following receipt of certain required third party consents. The future sales of the related assets are expected to occur no later than September 30, 2012. The LIHTC business is reflected on the consolidated balance sheet in the assets and liabilities of discontinued operations of the Company.

Certain of the recorded liabilities as of September 30, 2011 within the discontinued operations are limited in amount to the assets of newly formed related subsidiaries. The newly formed subsidiaries assumed the obligations of certain Debtor subsidiaries under various guarantees, management obligations and liabilities of the LIHTC investment limited liability funds in which equity interests were sold to investors. Several of the other remaining liabilities associated with the LIHTC former guarantees are expected to be limited upon the settlement of the underlying transactions and further sales noted above.

The following table set forth the total assets and liabilities of discontinued operations included on the consolidated balance sheet (in thousands):

	Total
Cash and cash equivalents	$ 14,379
Restricted cash	167,483
Investment securities	338,990
Loans held for sale	44,516
Real estate investments	112,386
Equity investments	413,394
Other assets	28,709
Total assets of discontinued operations	$1,119,857
Other borrowings	$ 197,382
Other liabilities	357,702
Total liabilities of discontinued operations	$ 555,084

In addition, $448.6 million of noncontrolling interests included in total equity represent third-party investments in the net assets of entities, which are consolidated under ASC 810, and associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests.

The following table summarizes assets of discontinued operations that are pledged as collateral for the payment of related secured borrowings included in liabilities of discontinued operations, as of September 30, 2011 (in thousands):

	September 30, 2011
	Secured Borrowings of Discontinued Operations
Investment securities available for sale	$ 194,801
Real estate investments	61,049
Total assets pledged as collateral	$ 255,850
Related secured borrowings	$ 197,382

Costs associated with these disposal activities will be recognized as incurred in accordance with ASC No. 420, *Exit or Disposal Cost Obligations*.

14. Fair Value of Financial Instruments

ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP, and sets forth disclosure requirements for fair value measurements. The guidance in ASC 820 is applied to the extent that other accounting pronouncements require or permit fair value measurements. Under ASC 820, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Companies are required to disclose the extent to which fair value is used to measure assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings (or changes in net assets) for the period. As discussed in Note 3, substantially all of the Company’s identifiable assets and liabilities assumed were remeasured at fair value as of the Effective Date in accordance with GAAP.

Fair Value Hierarchy

The Company categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

Financial assets and financial liabilities recorded on the Company’s consolidated balance sheet are categorized based on whether the inputs to the valuation techniques are observable or unobservable as follows:

Level 1—financial assets and financial liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access.

Level 2—financial assets and financial liabilities whose values are based on quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; pricing models whose inputs are observable either directly or indirectly for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability.

Level 3—financial assets and financial liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow (“DCF”) methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

Determination of Fair Value

The Company determines fair value based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the Company's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy as described above. For assets and liabilities where there exists limited or no observable market data, fair value measurements are based primarily upon management's own estimates, and are calculated based upon the Company's pricing policy, the economic and competitive environment, the characteristics of the asset or liability and other such factors. Therefore, the fair value amounts may not be realized in an actual sale or immediate settlement of the asset or liability.

Following is a description of the valuation methodologies used for financial instruments measured at fair value on a recurring basis, as well as the general classification of such instruments pursuant to the three-level fair value hierarchy.

Investment Securities

Investment securities classified as available for sale are carried at fair value. Where quoted prices are available in an active market for identical instruments, investment securities are classified within Level 1 of the valuation hierarchy. Level 1 investment securities include highly liquid U.S. Treasury securities. If quoted market prices are not available, then investment securities are classified as Level 2 and fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or DCFs. Examples of instruments which would generally be classified within Level 2 of the valuation hierarchy include certain asset-backed securities and GSE securities. In cases where there is limited activity or less transparency around inputs to the valuation, investment securities are classified within Level 3 of the valuation hierarchy. Investment securities classified within Level 3 include certain residual interests in securitizations and CDOs, tax-exempt securities, and other less liquid investment securities. The Company estimates the fair value of residual interests in securitizations based on a DCF analysis. The Company estimates the fair value of tax-exempt securities in inactive markets using inputs from third-party pricing providers for similar securities and makes qualitative adjustments based on current market conditions.

Derivative Instruments

Derivative instruments are accounted for as either assets or liabilities and are carried at fair value. Exchange-traded derivative instruments that are valued using quoted market prices are classified within Level 1 of the valuation hierarchy. However, the majority of the Company's derivative instruments are not exchange-traded and are valued using internally developed models that use readily observable market parameters and are classified within Level 2 of the valuation hierarchy. Such derivatives include basic interest rate swaps and options and credit default swaps. Derivatives that are valued based upon models with significant unobservable market parameters are classified within Level 3 of the valuation hierarchy. Such derivatives may include unfunded fixed-rate loan commitments.

Note Receivable

Under ASC 825, *Financial Instruments*, the Company has elected the fair value option for a note receivable with a $4.6 million principal amount. The fair value of the note receivable is estimated based on a DCF analysis and is classified within Level 3 of the valuation hierarchy. The DCF analysis includes a provision for an estimated reduction of the cash payment for actual losses that may emerge from a related portfolio of loans not on the Company's balance sheet. The legal obligation for losses on the related portfolio of loans has been assumed by the note obligor. The maximum loss to the Company related to the portfolio of loans is limited to the $4.6 million principal amount of the note receivable.

All other assets and liabilities of the Company, other than deferred taxes which were determined in conformity with accounting requirements for income taxes in ASC 740, are stated at fair value as of September 30, 2011 in conjunction with fresh start accounting. See Note 3 for further discussion on the valuation approaches for these items.

The Company accounts for certain of its assets at fair value on a recurring basis or considers fair value in their measurement. There are no liabilities accounted for at fair value on a recurring basis. The following table summarizes the assets expected to be measured at fair value on a recurring basis after September 30, 2011, including the asset for which the Company has elected the fair value option (in thousands):

Description	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Counterparty and Cash Collateral Netting	Balance as of September 30, 2011
Assets:					
Accounts receivable	$ —	$ —	$ 3,800	$ —	$ 3,800
Investment securities available for sale:					
GSE securities	—	249,604	—	—	249,604
Commercial paper	—	430,336	—	—	430,336
Other securities	—	8,563	12,519	—	21,082
Derivative assets	—	72,202	—	(14,051)	58,151
Total assets	$ —	$ 760,705	$ 16,319	$ (14,051)	$ 762,973

Level 3 financial assets presented in the table above include accounts receivable and investment securities classified as available for sale. These instruments were valued using pricing models and DCF models that incorporate assumptions, which in management's judgment, reflect the assumptions a marketplace participant would use including discount rates, spreads and collateral values as well as internal risk ratings, anticipated credit losses.

15. Derivative Instruments

The Company's primary objective in utilizing derivative instruments is to minimize the volatility associated with interest rate and foreign currency risks related to the Company's assets and liabilities. Predecessor CFGI entered into derivative contracts to mitigate the risk associated with changes in the fixed-rate brokered certificates of deposit with original maturities greater than one year. In addition, the Company has and may enter into forward currency contracts or forward currency options to mitigate the foreign exchange risk on its foreign denominated borrowings. The Company does not have derivative instruments designated as hedging instruments for the purpose of hedge accounting under ASC 815, *Derivatives and Hedging*.

Derivative instruments are classified as trading and reported at their fair value in either other assets or other liabilities, as appropriate, on the consolidated balance sheet. The following table presents the notional amount and fair value for derivatives designated as trading and not designated as hedging instruments, disaggregated by asset and liability amounts for the periods indicated (in thousands, except for total contracts):

	September 30, 2011					
	Asset Derivatives			Liability Derivatives		
	Total Contracts	Notional	Fair Value	Total Contracts	Notional	Fair Value
Interest rate contracts	214	$ 2,547,477	$ 71,361	—	$ —	$ —
Foreign exchange contracts	3	13,201	841	—	—	—
Total	217	$ 2,560,678	$ 72,202	—	$ —	$ —

As of September 30, 2011, interest rate contracts had a weighted average remaining maturity of 21 months and foreign exchange contracts had a weighted average remaining maturity of 5 months.

The Company held $14.1 million in collateral and margin accounts for the benefit of counterparties as of September 30, 2011.

16. Stock-Based Compensation

Pursuant to the Plan, employment agreements were entered into with two of the Company's executives which included the grant of restricted shares of Common Stock. The Company issued 541,676 restricted shares pursuant to the employment agreements on September 30, 2011 with a weighted average grant date reorganization equity value per share of $18.46 and a remaining weighted average contractual life of 1.8 years. The shares granted shall vest in increments of 25% on each of December 31, 2011, 2012, 2013 and 2014, respectively. Any dividends or distributions on the restricted shares will be escrowed and paid pursuant to the vesting schedule noted above.

Pursuant to the Plan and the 2011 Restricted Stock and Restricted Stock Unit Plan ("Restricted Stock Plan") which was effective as of September 30, 2011, the non-management members of the board of directors of Successor CFGI receive annual awards of restricted shares of Common Stock. Pursuant to the Restricted Stock Plan, the non-management directors were awarded 52,475 restricted shares with a weighted average reorganization equity value per share of $18.46 and shall vest on September 30, 2012. Any dividends or distributions on the restricted shares will be escrowed and paid on the vesting date.

17. Employee Benefit Plans

Retirement benefits

The Capmark Financial Group Inc. Savings Incentive Plan ("SIP") is a defined contribution plan and has a matching contribution provision in which employees who contribute to the SIP receive a dollar-for-dollar match up to a maximum amount. The match is subject to a five-year vesting schedule.

Long term incentive benefits

Pursuant to the Plan, a $6.9 million long term incentive plan was established which provides deferred cash payments to certain officers and employees of Capmark Bank management. These awards generally entitle recipients to receive a variable cash payment, based upon the achievement of a target equity value, measured no later than December 31, 2014 and payable by March 2015. The awards under the Capmark Bank long term incentive plan are accounted for as a liability under ASC 718, *Compensation – Stock Compensation*, as the awards are settled in cash.

Pursuant to the Plan, a $9.2 million long term incentive plan was established which provides deferred cash payments to certain members of management other than employees of Capmark Bank. These awards generally entitle recipients to receive a variable cash payment, based upon the performance of and achievement of specific recovery values for the operational areas, measured no later than December 31, 2014 and payable by March 2015.

Retention programs

In August 2011, the Capmark Bank Board of Directors approved an $8.5 million retention program for certain eligible Capmark Bank employees. These awards of deferred cash compensation generally entitle the recipient to receive a fixed cash payment on a quarterly basis. At September 30, 2011, other liabilities on the consolidated balance sheet included $1.0 million associated with this retention program.

Pursuant to the Plan, a $6.1 million retention program was established for certain of the Company's eligible employees other than employees of Capmark Bank. These awards of deferred cash compensation generally entitle the recipient to receive a fixed cash payment on each annual vesting date.

18. Commitments and Contingent Liabilities

Commitments

The following table summarizes the remaining maturity of the Company's outstanding commitments for continuing operations as of September 30, 2011 (in thousands):

	Years to Maturity				
Type of Commitment	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**	**Total**
Commitments to fund construction loans	$ 1,381	$ 7,485	$ 11,713	$ —	$ 20,579
Commitments to fund other loans	28,164	18,765	1,170	—	48,099
Commitments to provide equity to equity method investees	890	466	21,659	—	23,015
Total	$ 30,435	$ 26,716	$ 34,542	$ —	$ 91,693

As of September 30, 2011, the component of the business identified as discontinued operations, as discussed in Note 13, had $3.6 million of commitments to provide equity to equity method investees within the next twelve months.

Leases and rentals. The Company is obligated under non-cancelable operating leases primarily for office facilities. These leases have conventional terms and conditions. The future minimum rental payments under operating leases having initial or remaining non-cancelable lease terms in excess of one year as of September 30, 2011 were as follows (in thousands):

2012	$ 3,093
2013	2,019
2014	819
2015	949
2016	975
2017 and thereafter	452
Total	$ 8,307

Contingencies related to affordable housing partnerships. The Company holds variable interests in syndicated affordable housing partnerships where the Company provides unaffiliated investors with a guaranteed yield on their investment. As of September 30, 2011, the Company's maximum exposure to loss under the yield guarantees was $524.3 million. As of September 30, 2011, the Company's estimate of actual loss under these yield guarantees was $323.5 million and is reported as a component of liabilities of discontinued operations on the consolidated balance sheet.

Litigation. The Company is subject to potential liability under laws and government regulations, and various post-petition claims and legal actions that are pending or may be asserted against it. As of September 30, 2011, after consultation with counsel, it is the opinion of management that potential liability arising from pending litigation is not expected to have a material adverse effect on the Company's consolidated financial condition, results of operations or cash flows. However, due to the inherent uncertainty in litigation and since the ultimate resolution of the Company's litigation, claims and other legal proceedings are influenced by factors outside of the Company's control, it is reasonably possible that actual results will differ from management's estimates.

19. Regulatory Matters

Capmark Bank, a Utah state chartered industrial bank and a wholly owned subsidiary of Successor CFGI, is jointly regulated by the FDIC and the UDFI (together with the FDIC, the "Bank Regulators"). The Bank Regulators impose restrictions on Capmark Bank's operations, including capital maintenance obligations.

FDIC Capital Issues and Cease and Desist Orders

On October 2, 2009, Capmark Bank consented to cease and desist orders (the "C&D Orders") with the FDIC and the UDFI requiring Capmark Bank to, among other restrictions, (i) maintain a Tier 1 capital to total assets ratio of at least 8% and a ratio of qualifying total capital to risk-weighted assets ratio of at least 10%, and (ii) not extend credit to affiliates or issue dividends without the prior written consent of the FDIC and the UDFI. The inclusion of a minimum capital requirement in the C&D Orders requires Capmark Bank to obtain approval from the Bank Regulators prior to issuing new brokered certificates of deposit. As a result of the inclusion of specific capital requirement in the C&D Orders, Capmark Bank is considered "adequately capitalized" under applicable FDIC regulations. Capmark Bank has been and remains in compliance with the requirements of the C&D Orders, which remain in effect.

Capital Maintenance Agreement

In connection with the sale of Predecessor CFGI to the Sponsors, Predecessor CFGI and Capmark Bank entered into a capital maintenance agreement (the "Capital Maintenance Agreement," or "CMA") with the FDIC requiring Predecessor CFGI to contribute cash or other assets acceptable to the FDIC to Capmark Bank if it falls below "well-capitalized" status or its Tier 1 leverage ratio falls below 8%.

As of the commencement date of the bankruptcy, pursuant to section 365(o) of the Bankruptcy Code, Successor CFGI is deemed to have assumed its commitments to the FDIC under the CMA to maintain the capital level of Capmark Bank.

Following the commencement of the bankruptcy cases and negotiations with the FDIC, Successor CFGI sought and received authorization from the Bankruptcy Court to capitalize Capmark Bank with (i) $400 million in cash by December 31, 2009 and (ii) an additional $250 million by June 30, 2010, in a form satisfactory to the FDIC, if so demanded by the FDIC. By order of the Bankruptcy Court dated December 23, 2009, the $650 million total capital contribution was deemed to satisfy fully any claim the FDIC may assert against CFGI and its affiliates in the cases under chapter 11 of the Bankruptcy Code pursuant to sections 365(o) and 507(a)(9) of the Bankruptcy Code, and otherwise. Capital contributions of $400 million and $250 million were made to Capmark Bank on or before December 31, 2009, and June 30, 2010, respectively, in compliance with the agreement with the FDIC and the December 23, 2009, Bankruptcy Court order.

As of September 30, 2011, Capmark Bank had stockholders' equity of $1.8 billion. The following table summarizes the FDIC's well-capitalized ratio requirements and Capmark Bank's regulatory capital ratios as of September 30, 2011. Although Capmark Bank satisfies the requirements to be deemed to be "well-capitalized", since Capmark Bank is subject to the C&D Orders, it is deemed to be only "adequately capitalized."

	September 30, 2011	
Ratio	**Minimum Percentage to be "Well-Capitalized"**	**Capmark Bank**
Tier 1 leverage ratio	5.0%	29.4%
Tier 1 risk-based capital ratio	6.0%	44.8%
Total risk-based capital ratio	10.0%	44.8%

The FDIC's minimum Tier 1 leverage ratio for a bank to remain well-capitalized is 5%. However, as noted above, in the C&D Orders Capmark Bank agreed to a Tier 1 leverage ratio of not less than 8%.

20. Subsequent Events

Subsequent events were evaluated through December 14, 2011, the date the balance sheet was issued. Subsequent events disclosed in the balance sheet include:

- The Company funded $361.0 million for an initial redemption of the floating rate first lien A Notes on September 30, 2011 which is included in Restricted Cash on the consolidated balance sheet. This principal payment on the A Notes was applied against the outstanding principal on October 5, 2011. Pursuant to the terms of the Indenture, the Company made an optional redemption of $150 million of the aggregate principal amount of the A Notes on December 1, 2011. After taking into account these redemptions, the remaining principal balance of the Secured Notes was $739.0 million on December 1, 2011. See Note 9 for further discussion of the Secured Notes.

- In accordance with the Japanese Settlement Agreement, the Japanese Borrowers made a ¥3.0 billion (approximately $39.3 million) payment to the Japanese Lenders on October 7, 2011. See Note 9 for further discussion of the Japanese Settlement Agreement.

- The initial sale of certain of the assets for the LIHTC business platform closed on October 7, 2011. See Note 13 for further discussion.

- Five of the Debtors' cases which were outstanding as of September 30, 2011 were dismissed on November 16, 2011, pending the payment of any outstanding claims for the respective Debtors which occurred on December 14, 2011.

- In accordance with the Crystal Ball Settlement Agreement, Crystal Ball made a $22.5 million payment on October 18, 2011. See Note 3 for further discussion of the Crystal Ball Settlement Agreement.

Other than the matters discussed above, management has concluded that there were no significant subsequent events that otherwise require adjustment to or disclosure in these financial statements.

21. Supplemental Financial Information

Bank and Non-Capmark Bank Consolidating Balance Sheet
September 30, 2011
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 1,641,887	$ 415,498	$ —	$ 2,057,385
Restricted cash	-	486,427	—	486,427
Accounts and other receivables	32,770	42,215	—	74,985
Investment securities available for sale	688,503	12,519	—	701,022
Loans held for sale	3,524,332	871,682	—	4,396,014
Real estate investments	193,004	476,891	—	669,895
Equity investments	104,865	255,051	(26,665)	333,251
Investment in subsidiary	—	1,835,851	(1,835,851)	—
Other assets	59,335	53,932	—	113,267
Assets of discontinued operations	—	1,119,857	—	1,119,857
Total assets	$ 6,244,696	$ 5,569,923	$ (1,862,516)	$ 9,952,103
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ 1,353,025	$ —	$ 1,353,025
Other borrowings	394,766	258,674	—	653,440
Deposit liabilities	3,926,004	-	—	3,926,004
Other liabilities	88,075	216,161	—	304,236
Liabilities of discontinued operations	—	555,084	—	555,084
Total liabilities	$ 4,408,845	$ 2,382,944	$ —	$ 6,791,789
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	1,835,850	2,690,800	(1,835,850)	2,690,800
Total stockholders' equity	1,835,851	2,690,900	(1,835,851)	2,690,900
Noncontrolling interests	-	496,079	(26,665)	469,414
Total equity	1,835,851	3,186,979	(1,862,516)	3,160,314
Total liabilities and equity	$ 6,244,696	$ 5,569,923	$ (1,862,516)	$ 9,952,103