Capmark Financial Group Inc.
Quarterly Report for the period ended March 31, 2012

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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CAPMARK FINANCIAL GROUP INC.
Table of Contents

MANAGEMENT'S COMMENTARY ON FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When the term "Company" is used, it refers to Capmark Financial Group Inc. and its consolidated subsidiaries, except where it is clear that the term means only the parent company, Capmark Financial Group Inc. without consolidated subsidiaries.

Forward-Looking Statements

The Company's report for the period ended March 31, 2012 ("Quarterly Report") 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 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 the Company's plans, strategies, prospects and expectations regarding its business are forward-looking statements. You should be aware that these statements and any other forward-looking statements in this document only reflect the Company's 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 the Company's control and may cause actual results and performance to differ materially from the Company's expectations.

Forward-looking statements are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. If a change occurs, the Company's business, financial condition, and liquidity may vary materially from those expressed in its forward-looking statements. Important factors that could cause our actual results to be materially different from our expectations include the risks and uncertainties set forth in "Risk Factors" in the Company's Report as of and for the three months ended December 31, 2011.

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

Overview and Basis of Presentation

The Company is a real estate finance company focused on the management of its commercial real estate-related assets and businesses. The Company's financial results are dependent, in part, on its ability to monetize assets, as well as on the changes in the values of its real estate-related assets, which impact the levels of net gains or losses, interest income and fee-based income that it recognizes. This Quarterly Report should be read in conjunction with the Company's Report as of and for the three months ended December 31, 2011.

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 (the "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, however, there were seventeen Debtors which remained in bankruptcy as of March 31, 2012. Four of these Debtors' cases are expected to be dismissed in June 2012. The remaining Debtors are primarily non-operating managing member entities associated with the Company's low-income housing tax credit ("LIHTC") business.

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").

The Company continues to focus its efforts on effectively managing and monetizing its existing assets and operations. Highlights from the year-to-date include:

- The Company's continuing operations generated $568.9 million of net proceeds from the monetization of assets in the first quarter at prices slightly above their carrying value on a weighted average basis:
  - The Company's Capmark Bank subsidiary disposed of or collected 31 assets for $452.9 million of proceeds which was 102% of the December 31, 2011 carrying value.
  - The North American Asset Management segment disposed of or collected nine assets for $58.5 million of proceeds which was 105% of the December 31, 2011 carrying value.
  - The Asian Operations segment sold five assets for $57.5 million of proceeds which was 109% of the December 31, 2011 carrying value.
  - In addition, in the first quarter Capmark Bank collected $42.7 million and North American Asset Management segment collected $4.4 million of payments on assets which they continue to hold.
- The Company redeemed $263.9 million and $141.2 million of the Secured Notes on February 1, 2012 and May 1, 2012 respectively. The Floating Rate First Lien A Notes were redeemed in full and the outstanding principal balance of the Floating Rate First Lien Extendible B Notes was reduced to $333.8 million.
- Capmark Bank repaid $660.9 million of outstanding deposit liabilities and $291.1 million of borrowings with the Federal Home Loan Bank of Seattle ("FHLB") in the first quarter.
- The Company had consolidated net income attributable to Capmark Financial Group Inc. of $23.0 million in the first quarter, primarily as a result of $38.3 million of interest income primarily from loans held for sale and $30.9 million of noninterest income primarily from net gains on loans held for sale offset by $22.3 million of interest expense primarily on the Secured Notes and $33.7 million of noninterest expense.

For management reporting purposes, the Company conducts its asset management businesses through four business segments. These business segments, which are organized based on geography and the type and the regulated nature of business conducted, are as follows:

1. Capmark Bank;
2. North American Asset Management;
3. Asian Operations; and
4. Real Estate Investment Funds.

Presentation of the Company's Statements of Financial Condition

Consolidated Balance Sheets

The following tables present the consolidated balance sheets (in thousands):

	March 31, 2012			
	Capmark Bank	Non–Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 2,429,157	$ 285,533	$ —	$ 2,714,690
Restricted cash	—	95,945	—	95,945
Accounts and other receivables	42,062	52,648	—	94,710
Investment securities available for sale	13,591	8,314	—	21,905
Loans held for sale	2,481,667	570,914	—	3,052,581
Real estate investments	120,771	419,641	—	540,412
Equity investments	103,192	246,401	(26,749)	322,844
Investment in subsidiary	—	1,847,550	(1,847,550)	—
Other assets	4,694	37,055	—	41,749
Assets of discontinued operations	—	208,146	—	208,146
Total assets	$ 5,195,134	$ 3,772,147	$ (1,874,299)	$ 7,092,982
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ 533,610	$ —	$ 533,610
Other borrowings	101,111	204,209	—	305,320
Deposit liabilities	3,173,390	—	—	3,173,390
Other liabilities	73,083	131,954	—	205,037
Liabilities of discontinued operations	—	103,627	—	103,627
Total liabilities	3,347,584	973,400	—	4,320,984
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	1,837,948	2,693,052	(1,837,948)	2,693,052
Accumulated earnings (deficit)	9,356	(8,650)	(9,356)	(8,650)
Accumulated other comprehensive income (loss), net of tax	245	(4,949)	(245)	(4,949)
Total Capmark Financial Group Inc. stockholders' equity	1,847,550	2,679,553	(1,847,550)	2,679,553
Noncontrolling interests	—	119,194	(26,749)	92,445
Total equity	1,847,550	2,798,747	(1,874,299)	2,771,998
Total liabilities and equity	$ 5,195,134	$ 3,772,147	$ (1,874,299)	$ 7,092,982

	December 31, 2011			
	Capmark Bank	Non–Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 2,286,889	$ 446,527	$ —	$ 2,733,416
Restricted cash	—	129,264	—	129,264
Accounts and other receivables	53,450	53,438	—	106,888
Investment securities available for sale	582,535	13,112	—	595,647
Loans held for sale	2,887,733	662,536	—	3,550,269
Real estate investments	191,458	481,202	—	672,660
Equity investments	103,779	245,625	(26,804)	322,600
Investment in subsidiary	—	1,821,454	(1,821,454)	—
Other assets	58,565	47,547	—	106,112
Assets of discontinued operations	—	381,946	—	381,946
Total assets	$ 6,164,409	$ 4,282,651	$ (1,848,258)	$ 8,598,802
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ 807,869	$ —	$ 807,869
Other borrowings	393,795	258,803	—	652,598
Deposit liabilities	3,860,332	—	—	3,860,332
Other liabilities	88,828	172,985	—	261,813
Liabilities of discontinued operations	—	177,796	—	177,796
Total liabilities	4,342,955	1,417,453	—	5,760,408
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	1,836,377	2,692,602	(1,836,377)	2,692,602
Accumulated deficit	(15,136)	(31,651)	15,136	(31,651)
Accumulated other comprehensive income (loss), net of tax	212	(1,617)	(212)	(1,617)
Total Capmark Financial Group Inc. stockholders' equity	1,821,454	2,659,434	(1,821,454)	2,659,434
Noncontrolling interests	—	205,764	(26,804)	178,960
Total equity	1,821,454	2,865,198	(1,848,258)	2,838,394
Total liabilities and equity	$ 6,164,409	$ 4,282,651	$ (1,848,258)	$ 8,598,802

The consolidated balance sheet of the Company included $7.1 billion and $8.6 billion of assets as of March 31, 2012 and December 31, 2011, respectively. The assets were primarily comprised of a portfolio of loans, real estate and real estate-related assets and cash and cash equivalents, of which $5.2 billion and $6.2 billion were held at Capmark Bank and $208.1 million and $381.9 million were associated with discontinued operations as of March 31, 2012 and December 31, 2011, respectively. Assets of the continuing operations also included $95.9 million and $129.3 million of restricted cash, as of March 31, 2012 and December 31, 2011, respectively, that is restricted as to withdrawal or usage. Substantially all of the assets of the Obligors are pledged as collateral for the Secured Notes.

The consolidated balance sheet of the Company also included $4.3 billion and $5.8 billion of liabilities as of March 31, 2012 and December 31, 2011, respectively. The liabilities included $3.3 billion and $4.3 billion at Capmark Bank and $103.6 million and $177.8 million associated with discontinued operations as of March 31, 2012 and December 31, 2011, respectively. Capmark Bank's liabilities were primarily comprised of $3.2 billion and $3.9 billion of Federal Deposit Insurance Corporation ("FDIC") insured deposit liabilities and $101.1 million and $393.8 million of secured FHLB borrowings as of March 31, 2012 and December 31, 2011, respectively. The continuing operations of the Company included $470.1 million and $733.2 million as of March 31, 2012 and December 31, 2011, respectively, of debt obligations under the Secured Notes. The excess cash flow generated by the Obligors is required to be utilized for payment of the Secured Notes as specified under the Secured Notes indenture. Liabilities of the continuing operations of the Company also included $201.9 million and $256.6 million of other borrowings as of March 31, 2012 and December 31, 2011, respectively, recognized on the Company's balance sheet as a result of accounting for certain transfers of financial assets as financings under Accounting Standards Codification ("ASC") 860, *Transfers and Servicing* ("ASC 860").

The consolidated balance sheet of the Company also included $92.4 million and $179.0 million of noncontrolling interests of the Company in total equity as of March 31, 2012 and December 31, 2011, respectively. The vast majority of noncontrolling interests represented third-party investments in the net assets of entities which are consolidated under ASC 810, *Consolidation* ("ASC 810"), and are associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests. The decline in the noncontrolling interests of the Company primarily reflects the impact of the asset sales associated with the discontinued operations.

Segment Balance Sheets

The following tables summarize asset information, by category, for the continuing operations business segments as of March 31, 2012 and December 31, 2011 (in thousands):

Assets from Continuing Operations	Capmark Bank	North American Asset Management	Asian Operations	Real Estate Investment Funds	Corporate and Other	March 31, 2012
Cash and cash equivalents	$ 2,429,157	$ —	$ 115,393	$ 1,783	$ 168,357	$ 2,714,690
Restricted cash	—	—	5,267	—	90,678	95,945
Accounts and other receivables	42,062	33,700	1,740	—	17,208	94,710
Investment securities available for sale	13,591	—	—	—	8,314	21,905
Loans held for sale	2,481,667	516,809	—	4,302	49,803	3,052,581
Real estate investments	120,771	257,108	162,533	—	—	540,412
Equity investments	103,192	11,768	—	207,431	453	322,844
Other assets	4,694	2,936	3,255	—	30,864	41,749
Total continuing operations assets	$ 5,195,134	$ 822,321	$ 288,188	$ 213,516	$ 365,677	$ 6,884,836

Assets from Continuing Operations	Capmark Bank	North American Asset Management	Asian Operations	Real Estate Investment Funds	Corporate and Other	December 31, 2011
Cash and cash equivalents	$ 2,286,889	$ —	$ 90,778	$ 1,576	$ 354,173	$ 2,733,416
Restricted cash	—	—	821	—	128,443	129,264
Accounts and other receivables	53,450	33,101	2,770	—	17,567	106,888
Investment securities available for sale	582,535	—	—	—	13,112	595,647
Loans held for sale	2,887,733	597,935	9,324	4,302	50,975	3,550,269
Real estate investments	191,458	258,711	222,491	—	—	672,660
Equity investments	103,779	15,525	—	202,788	508	322,600
Other assets	58,565	3,676	3,664	—	40,207	106,112
Total continuing operations assets	$ 6,164,409	$ 908,948	$ 329,848	$ 208,666	$ 604,985	$ 8,216,856

Capmark Bank

The aggregate carrying value of Capmark Bank's assets, excluding cash and cash equivalents, was $2.8 billion as of March 31, 2012 compared to $3.9 billion as of December 31, 2011. These assets were primarily comprised of loans held for sale, real estate investments acquired through foreclosure, equity investments in entities that hold real estate investments acquired through foreclosure and a $58.0 million equity investment in the capital stock of the FHLB.

The following table summarizes Capmark Bank's loan and real estate portfolio, comprised of loans held for sale and real estate investments acquired through foreclosure, by category (in thousands, except number of assets):

	March 31, 2012		December 31, 2011	
	Number of assets	Aggregate carrying value	Number of assets	Aggregate carrying value
Loans held for sale - performing	124	$ 1,865,412	138	$ 2,172,610
Loans held for sale - nonperforming	57	616,255	63	715,123
Real estate acquired through foreclosure	17	120,771	25	191,458
Equity investments in real estate acquired through foreclosure	2	45,213	2	45,800
Total	200	$ 2,647,651	228	$ 3,124,991

The decrease in the carrying value of loans held for sale and real estate investments as of March 31, 2012 compared to December 31, 2011 was primarily related to the disposition of and collections on those assets.

Investment securities available for sale declined $568.9 million in the three months ended March 31, 2012 primarily due to repayments and redemption of debt securities. The decrease in other assets of $53.9 million as of March 31, 2012 compared to December 31, 2011 was primarily related to the termination of all outstanding interest rate derivative contracts.

North American Asset Management

The North America Asset Management segment assets were primarily comprised of loans held for sale, real estate investments acquired through foreclosure and equity investments in entities that hold real estate investments acquired through foreclosure. As of March 31, 2012, the aggregate carrying value of the assets in the North America Asset Management segment was $822.3 million compared to $908.9 million as of December 31, 2011. The decrease in the carrying value of loans held for sale and real estate investments as of March 31, 2012 compared to December 31, 2011 was primarily related to the disposition of and collections on those assets.

The following table summarizes North American Asset Management's loan and real estate portfolio, by category (in thousands, except number of assets):

	March 31, 2012		December 31, 2011	
	Number of assets	Aggregate carrying value	Number of assets	Aggregate carrying value
Loans held for sale - performing	24	$ 235,241	26	$ 248,668
Loans held for sale - nonperforming	25	95,585	29	137,535
Real estate acquired through foreclosure	20	257,108	21	258,711
Equity investments in real estate acquired through foreclosure	6	11,768	8	15,525
Total	75	$ 599,702	84	$ 660,439

The North America Asset Management segment also included $186.0 million and $211.7 million of loans held for sale, as of March 31, 2012 and December 31, 2011, respectively, 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.

Asian Operations

The aggregate carrying value, excluding cash, cash equivalents and restricted cash, in the Asian Operations segment was $167.5 million for 19 real estate investments as of March 31, 2012 compared to $238.2 million for 24 real estate investments as of December 31, 2011. As of March 31, 2012, these assets primarily consisted of (i) $146.4 million of real estate equity investments and (ii) a $16.1 million loan held for sale that has been deemed to be an in-substance foreclosure in accordance with accounting principles generally accepted in the United States of America ("GAAP") and was classified as real estate acquired through foreclosure. As of December 31, 2011, these assets primarily consisted of (i) $171.1 million of real estate equity investments, (ii) $9.3 million of loans held for sale, and (iii) $50.9 million of loans held for sale that have been deemed to be in-substance foreclosures. The decrease in the carrying values of real estate investments, loans held for sale and loans held for sale that have been deemed to be in-substance foreclosures as of March 31, 2012 compared to

December 31, 2011 was primarily related to the disposition of and collections on those assets. Management is evaluating whether the Asian Operations segment meets the criteria for inclusion as discontinued operations and expects to reflect its determination in its quarterly report for the period ending June 30, 2012.

Real Estate Investment Funds

The aggregate carrying value, excluding cash and cash equivalents, of the 20 real estate equity and debt investments in the Real Estate Investment Funds segment was $211.7 million compared to $207.1 million as of March 31, 2012 and December 31, 2011, respectively. As of March 31, 2012 and December 31, 2011 these assets primarily consisted of $178.3 million and $174.2 million of limited partnership interests and membership interests in real estate equity investment funds and joint ventures and $29.1 million and $28.6 million of limited partnership interests in real estate debt funds, respectively.

Corporate and Other

Corporate and Other includes the remaining assets of continuing operations which had an aggregate carrying value, excluding cash and cash equivalents and restricted cash, of $106.6 million as of March 31, 2012 and $122.4 million as of December 31, 2011. These assets primarily consisted of (i) $49.8 million of loans originated by the Company's European operations, (ii) $8.3 million of investment securities available for sale, and (iii) $30.9 million of other assets as of March 31, 2012 compared to (i) $51.0 million of loans originated by the Company's European operations, (ii) $13.1 million of investment securities available for sale, and (iii) $40.2 million of other assets as of December 31, 2011.

Corporate and Other restricted cash included $40.5 million and $72.6 million as of March 31, 2012 and December 31, 2011, respectively, which is primarily 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. The decrease in the related restricted cash was due to sale transactions that achieved recognition criteria under GAAP. Restricted cash as of March 31, 2012 and December 31, 2011 also included $25.0 million related to the Secured Notes and $18.5 million of balances in escrow for disputed administrative, priority and convenience class bankruptcy claims.

Assets Disposed of or Collected

The following table presents a summary of assets disposed of or proceeds collected from assets of Capmark Bank and North American Asset Management segments for the three months ended March 31, 2012 (in thousands, except number of assets):

	Capmark Bank			**North American Asset Management**		
	Number of assets	**Proceeds received**	**Percentage of 12/31/11 carrying value**	**Number of assets**	**Proceeds received**	**Percentage of 12/31/11 carrying value**
Loans held for sale - performing	16	$ 318,529	101%	2	$ 22,761	88% (1)
Loans held for sale - nonperforming	5	63,898	106	4	30,397	115
Real estate acquired through foreclosure	10	70,499	103	1	1,950	139
Equity investments in real estate acquired through foreclosure	—	—	—	2	3,406	184
Total	31	$ 452,926	102%	9	$ 58,514	105%

Note:

(1) The carrying value for the loans held for sale used for this calculation reflected the gross loan balance. For certain loans associated with the former new markets tax credit ("NMTC") program there was an estimated discount of the loan carrying value recognized in other liabilities on the consolidated balance sheet. If the carrying value of the loans held for sale reflected the estimated discount, the percentage of December 31, 2011 carrying value would be 101%.

In the three months ended March 31, 2012, Capmark Bank collected $42.7 million and North American Asset Management segment collected $4.4 million of payments on assets which they continue to hold. For the three months ended March 31, 2012, the Asian Operations segment sold 5 assets for $57.5 million of proceeds which was 109% of the December 31, 2011 carrying value. The Real Estate Investment Funds segment did not sell any assets during the three months ended March 31, 2012.

Discontinued Operations

The Company has an agreement to sell substantially all the assets of its LIHTC business to affiliates of 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, sales of assets for $80.2 million closed through December 31, 2011 and included those assets for which the Company had been able to achieve settlements and restructuring of the underlying transactions with counterparties through that date. Three additional sales of assets for an aggregate amount of $23.0 million closed in the three months ended March 31, 2012. One additional asset sale for the LIHTC business platform for $2.0 million is expected to close in the second quarter of 2012. The sale agreement also includes provisions for future sales of assets for up to $10.2 million for the remainder of the asset portfolio subject to completion of additional restructuring and settlement transactions with guaranteed fund counterparties on the terms proposed.

The Company's consolidated balance sheet included $208.1 million and $381.9 million of assets and $103.6 million and $177.8 million of liabilities associated with discontinued operations of the LIHTC business as of March 31, 2012 and December 31, 2011, respectively. In addition, $79.9 million and $165.8 million of noncontrolling interests as of March 31, 2012 and December 31, 2011, respectively, 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 decrease in assets of discontinued operations, liabilities of discontinued operations and noncontrolling interests associated with discontinued operations in the three months ended March 31, 2012 was due to the three asset sales during the period.

Presentation of the Company's Results of Operations

The Company presents the consolidated results of operations for Capmark Bank and for all of the other subsidiaries of the Company excluding Capmark Bank. The transactions between Capmark Bank and Non-Capmark Bank do not have a significant impact on results of operations and the presentation below incorporates the elimination of such transactions in the results of operations of Non-Capmark Bank. The following table presents the consolidated results of operations for the three months ended March 31, 2012 (in thousands):

	Capmark Bank	Non–Capmark Bank	Consolidated
Interest income	$ 31,001	$ 7,281	$ 38,282
Interest expense	5,454	16,826	22,280
Net interest income	25,547	(9,545)	16,002
Noninterest income	14,316	16,594	30,910
Net revenue	39,863	7,049	46,912
Noninterest expense	14,691	18,973	33,664
Income (loss) from continuing operations before income taxes	25,172	(11,924)	13,248
Income tax provision (benefit)	680	(1,004)	(324)
Income (loss) from continuing operations after income taxes	24,492	(10,920)	13,572
Loss from discontinued operations, net of tax	—	(17,518)	(17,518)
Net income (loss)	24,492	(28,438)	(3,946)
Plus: Net loss attributable to noncontrolling interests	—	26,947	26,947
Net income (loss) attributable to Capmark Financial Group Inc.	$ 24,492	$ (1,491)	$ 23,001

Capmark Bank

The income from continuing operations before income taxes of $25.2 million for Capmark Bank in the three months ended March 31, 2012 was primarily due to $31.0 million of interest income primarily from loans held for sale and $12.3 million of net gains on loans, partially offset by $14.7 million of noninterest expense. Net gains on loans of $12.3 million included $9.6 million of realized gains on full or partial dispositions of loans held for sale and $2.7 million of recapture of losses from the application of the lower of cost or fair value accounting to loans held for sale. The $14.7 million of noninterest expense included $7.5 million of compensation and benefits costs. The $5.5 million of interest expense for Capmark Bank was comprised of $31.8 million of contractual interest expense from deposit liabilities and FHLB borrowings offset by $26.3 million from the accretion of the fresh start accounting premium for the deposit liabilities and FHLB borrowings.

Non-Capmark Bank

The loss from continuing operations before income taxes of $11.9 million for Non-Capmark Bank in the three months ended March 31, 2012 was primarily due to $19.0 million of noninterest expense and $16.8 million of interest expense, partially offset by $16.6 million of noninterest income and $7.3 million of interest income on loans held for sale and investment securities available for sale. The $19.0 million of noninterest expense included $8.8 million of compensation and benefits costs and $5.6 million of professional fees, of which $1.3 million was attributable to fees of restructuring professionals. The $16.8 million of interest expense included $12.4 million of contractual interest expense for the Secured Notes and $3.5 million for the accretion of the fresh start accounting discount primarily for the Secured Notes and the Japanese Settlement Agreement. See further discussion of the Japanese Settlement Agreement in the Liquidity and Capital Resources section of the Company's Report as of and for the three months ended December 31, 2011. Noninterest income of $16.6 million included $9.6 million primarily due to realized gains on the disposition of loans held for sale and real estate investments, $5.3 million of gains due to the reduction of the estimates of potential losses on loans held for sale associated with the former NMTC program, $4.2 million of equity in income of joint ventures and partnerships primarily due to gains on equity investments resulting from increases in the fair value of assets held by real estate investment funds and joint ventures and $10.9 million primarily due to operating income from owned real estate properties. These noninterest income amounts in the three months ended March 31, 2012 were partially offset by $10.5 million of losses associated with foreign currency remeasurement adjustments principally associated with Asian Operations and $4.7 million of impairments on investment securities available for sale considered other-than-temporary.

Noninterest Income

The following table presents the consolidated noninterest income, by category, for the three months ended March 31, 2012 (in thousands):

	Capmark Bank	Non–Capmark Bank	Consolidated
Net gains on loans	$ 12,291	$ 9,161	$ 21,452
Net (losses) gains on investments and real estate(1)	(188)	1,069	881
Other gains (losses), net(2)	2,836	(9,566)	(6,730)
Equity in (loss) income of joint ventures and partnerships	(587)	4,230	3,643
Fee revenue	1,408	470	1,878
Net real estate investment (loss) income(3)	(1,444)	10,869	9,425
Other income(3)	—	361	361
Total	$ 14,316	$ 16,594	$ 30,910

Notes:

(1) Relates primarily to realized and unrealized gains and losses on investment securities, equity investments and real estate investments.

(2) Includes the changes in fair value on derivative instruments, gains and losses associated with the revaluation of foreign currencies and other miscellaneous gains and losses.

(3) Reported as a component of net real estate investment and other income in the Company's consolidated statement of operations.

Capmark Bank net gains on loans of $12.3 million for the three months ended March 31, 2012 included $9.6 million of realized gains on full or partial dispositions of loans held for sale and $2.7 million of recapture of losses from the application of the lower of cost or fair value accounting to loans held for sale. Other gains, net is the result of Capmark Bank's termination of all of its outstanding interest rate derivative contracts with an aggregate notional amount of $1.9 billion in the three months ended March 31, 2012.

Non-Capmark Bank net gains on loans of $9.2 million for the three months ended March 31, 2012 primarily included $3.9 million of realized gains on full or partial dispositions of loans held for sale and $5.3 million due to the reduction of the estimates of potential losses on loans held for sale associated with the former NMTC program. Net gains on investments and real estate included $3.7 million of realized gains on the sale of loans held for sale that have been deemed to be in-substance foreclosures in Asian Operations and $2.1 million of realized gains on the sale of real estate acquired through foreclosure partially offset by $4.7 million of impairments on investment securities available for sale considered other-than-temporary. Other gains (losses), net primarily included $10.5 million of losses associated with foreign currency remeasurement adjustments principally associated with Asian Operations. Equity in income of joint ventures and partnerships of $4.2 million was primarily due to gains on equity investments resulting from increases in the fair value of assets held by real estate investment funds and joint ventures. Net real estate investment income primarily included operating income on owned real estate properties. The operating income in the three months ended March 31, 2012 included $4.4 million of income in the Asian Operations segment for a property with a variable annual rental payment based upon seasonal revenues of the underlying property and $1.9 million of income associated with a foreclosed property in the North American Asset Management segment.

Noninterest Expense

The following table presents the consolidated noninterest expense, by category, for the three months ended March 31, 2012 (in thousands):

	Capmark Bank	Non–Capmark Bank	Consolidated
Compensation and benefits	$ 7,506	$ 8,813	$ 16,319
Professional fees – restructuring professionals	—	1,275	1,275
Professional fees	1,255	4,278	5,533
Occupancy and equipment	366	1,306	1,672
Loan processing fees	210	338	548
Corporate insurance	105	666	771
Other expenses(1)	5,249	2,297	7,546
Total	$ 14,691	$ 18,973	$ 33,664

Note:

(1) Includes expenses related to data processing and telecommunications, travel and entertainment, employee-related expenses, FDIC deposit insurance assessments, property inspection fees, and other miscellaneous expenses.

Compensation and benefit costs for the three months ended March 31, 2012 included $10.4 million of salary and benefits expense and $5.9 million of expense associated with various incentive compensation programs. The $10.4 million of salary and benefits expense included $2.0 million of employee benefits costs and $0.8 million of severance costs. The $5.9 million of incentive compensation expense included $2.7 million for long term incentive plans, $1.7 million of expense for retention programs and $0.5 million for stock-based compensation expense.

Professional fees for the three months ended March 31, 2012 included $1.3 million of fees for services of restructuring professionals relating to the administration and resolution of the Plan. Professional fees included $0.9 million of fees for accounting and tax services professionals and $1.0 million of legal fees in the three months ended March 31, 2012. Professional fees also included $0.7 million of management fees paid by consolidated VIEs associated with the Company's former NMTC program and $0.9 million of success fees payable to third parties associated with the Company's former NMTC program that are fully offset in interest income.

Income Taxes

The Company's reorganization constituted an ownership change under Section 382 of the Internal Revenue Service Code which places an annual dollar limit on the use of Predecessor CFGI net operating loss carry forwards, capital loss carry forwards and other tax attributes that may be utilized by Successor CFGI. 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. The annual amount of Predecessor CFGI tax attributes that may be utilized by Successor CFGI is limited to approximately $104.0 million. Further, to the extent that there are subsequent changes in ownership or changes to the existing structure, the annual amount of Predecessor CFGI tax attributes that may be utilized against Successor CFGI income may be reduced to zero.

The Company accounts for income taxes under the asset and liability method in accordance with GAAP. Under GAAP, the tax effects of a position 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 determination of whether a tax position is “more likely than not” to be sustained can involve a considerable amount of judgment by management.

As of September 30, 2011, the Company established a valuation allowance on its federal, state and foreign deferred tax assets, including federal, state and foreign net operating loss, tax credit carryforwards, and temporary tax differences, net of any deferred tax liabilities 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 in the tax law for each applicable tax jurisdiction. The Company concluded that a valuation allowance was still required as of March 31, 2012.

Discontinued Operations

The loss from discontinued operations of $17.5 million for the three months ended March 31, 2012 is primarily due to $12.0 million of noninterest losses associated with the equity investments of the LIHTC business platform. The noninterest losses are substantially offset by the net loss attributable to noncontrolling interests and have a limited impact on the net loss attributable to the Company.

Noncontrolling Interests

The net loss attributable to noncontrolling interests of $26.9 million is due to the portion of the loss attributable to third party investors in certain LIHTC and NMTC partnerships that are consolidated under applicable accounting guidance.

Liquidity and Capital Resources

As of March 31, 2012, the Company’s continuing operations had $2.8 billion in total cash and cash equivalents (including restricted cash), of which $2.4 billion was held by Capmark Bank and $381.5 million was held by its other subsidiaries. The following table summarizes the cash, cash equivalents and restricted cash from continuing operations (in thousands):

Cash, Cash Equivalents and Restricted Cash	March 31, 2012	December 31, 2011
Capmark Bank:		
Cash and cash equivalents	$2,429,157	$ 2,286,889
Non-Capmark Bank:		
Cash and cash equivalents – Asian Operations	115,393	90,778
Cash and cash equivalents – Other Non-Capmark Bank	170,140	355,749
Cash and cash equivalents – Total Non-Capmark Bank	285,533	446,527
Restricted cash	95,945	129,264
Total cash, cash equivalents and restricted cash attributable to continuing operations	$2,810,635	$ 2,862,680

The following table summarizes the components of restricted cash from continuing operations (in thousands):

Restricted Cash	March 31, 2012	December 31, 2011
Cash from consolidated VIEs	$ 40,451	$ 72,626
Secured Notes interest reserve	25,000	25,000
Bankruptcy disputed administrative, priority and convenience class claims escrow	18,471	18,499
Other	12,023	13,139
Restricted cash from continuing operations	$ 95,945	$ 129,264

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

The Company's primary sources of liquidity are expected to be (1) principal and interest payments on 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, equity investments and other assets in its 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 without the prior written consent of the FDIC and the Utah Department of Financial Institutions.

Financing Arrangements

The following table presents information concerning the financing arrangements that the Company had in place for its continuing operations as of March 31, 2012 (in thousands):

Financing Arrangements	**Contractual Amount Outstanding**	**Weighted Average Remaining Maturity**
		(months)
Capmark Bank:		
Brokered CDs (1)	$ 2,975,347	13
Institutional time deposits (1)	101,272	3
FHLB borrowings	100,000	20
Total Capmark Bank	3,176,619	13
Non-Capmark Bank:		
Secured Notes (2)	475,034	43
Japanese Settlement (3)	93,475	N/A
Other borrowings (4)	204,209	N/A
Total Non-Capmark Bank	772,718	43
Total contractual amount outstanding of borrowings and deposit liabilities for continuing operations	$ 3,949,337	17

Notes:

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

(2) Maturity is assumed to be the contractual maturity date for each series of Secured Notes excluding extension periods.

(3) Represents the US Dollar equivalent at the March 31, 2012 spot exchange rate of the ¥7.7 billion of the liability to the Japanese lenders under the Japanese Settlement Agreement. See "—Liquidity and Capital Resources" in the Company's Report as of and for the three months ended December 31, 2011 for a discussion of the terms of the Japanese Settlement Agreement.

(4) Primarily includes secured borrowings that the Company 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 the Company's LIHTC business that are included in liabilities of discontinued operations on the consolidated balance sheet. See Note 10 of the consolidated financial statements.

Brokered CDs and Institutional Time Deposits

Capmark Bank repaid $589.3 million of Brokered CDs and $71.7 million of institutional time deposits in the three months ended March 31, 2012.

On April 25, 2012, the Company's Capmark Bank subsidiary entered into a definitive agreement pursuant to which another FDIC insured bank will assume approximately $834.0 million (in aggregate principal amount) of Capmark Bank's Brokered CDs, which represent all of Capmark Bank's Brokered CDs maturing in October 2013 or later. The transfer and assumption is subject to regulatory approvals and other customary closing conditions.

Secured Notes

The Company made the following redemptions of Secured Notes since December 31, 2011 (in thousands):

	Aggregate Principal Amount	Effective Payment Date	Type of Redemption
Floating rate first lien A notes	$ 238,959	February 1, 2012	Full
Floating rate first lien extendible B notes	24,966	February 1, 2012	Partial
Floating rate first lien extendible B notes	141,243	May 1, 2012	Partial

After taking into account the May 1, 2012 redemption, the remaining principal balance of the floating rate first lien extendible B notes was $333.8 million. The Company will continue to redeem outstanding Secured Notes to the extent of available excess cash as defined in the indenture governing the Secured Notes.

FHLB Borrowings

Capmark Bank repaid $100.0 million of FHLB advances with maturities in April and May of 2012 on January 13, 2012 and on February 6, 2012 repaid $180.7 million of FHLB advances with maturities in May and November of 2012 and various dates in 2013.

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

In accordance with the Japanese Settlement Agreement, the Company's Japanese borrowers who are party to the agreement made payments to the applicable Japanese lenders of ¥665.1 million (approximately $8.7 million) on January 10, 2012 and ¥1.4 billion (approximately $17.2 million) on April 6, 2012. After taking into account the April 6, 2012 payment, the contractual amount owed under the Japanese Settlement Agreement was ¥6.4 billion (approximately $85.0 million).

Crystal Ball Settlement

In accordance with the Crystal Ball Settlement referred to in Section 4.10 of the Plan, Crystal Ball Holding of Bermuda Limited made payments to the holders of the the Predecessor CFGI unsecured loans and unsecured notes of $10.1 million on January 20, 2012 and $7.1 million on April 16, 2012. After taking into account the April 16, 2012 payment, the carrying amount of the estimated principal amount expected to be paid under the Crystal Ball Settlement was $3.8 million.

Investment Securities Available for Sale

In the three months ended March 31, 2012, $569.3 million of Capmark Bank's debt securities reached maturity or were redeemed. These investment securities available for sale were highly rated government agency and other short term investment securities that the Company considered to be similar to cash equivalents.

Derivative Instruments

On March 7, 2012, Capmark Bank terminated all of its outstanding interest rate derivative contracts with an aggregate notional amount of $1.9 billion. The transaction impact included a $50.8 million decrease in other assets, substantially offset by a $47.0 million increase in cash and cash equivalents. This comprised substantially all of the Company's derivative contracts at December 31, 2011.

Concentrations of Risk

Collateral Type Diversification of the Company's Loan Portfolio

The following tables summarize the composition of the Company's loans held for sale portfolio in aggregate by collateral type (in thousands):

	March 31, 2012					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Hospitality	$ 821,594	33%	$ 106,520	19%	$ 928,114	30%
Healthcare	473,026	19	28,100	5	501,126	17
Multifamily	376,164	15	46,388	8	422,552	14
Office	308,317	13	61,807	11	370,124	12
Retail	145,651	6	128,659	22	274,310	9
Mixed-use and other(1)	356,915	14	199,440	35	556,355	18
Total	$ 2,481,667	100%	$ 570,914	100%	$ 3,052,581	100%

	December 31, 2011					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Hospitality	$ 974,064	34%	$ 115,209	17%	$ 1,089,273	31%
Healthcare	568,722	20	31,348	5	600,070	17
Multifamily	417,830	14	49,855	7	467,685	13
Office	422,515	15	83,040	13	505,555	14
Retail	145,764	5	127,169	19	272,933	8
Mixed-use and other(1)	358,838	12	255,915	39	614,753	17
Total	$ 2,887,733	100%	$ 662,536	100%	$ 3,550,269	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.

Collateral Type Diversification of the Company's Real Estate Investments Acquired Through Foreclosure Portfolio

The following tables summarize the composition of the Company's real estate investments acquired through foreclosure portfolio, including those accounted for as equity investments in entities that hold foreclosed real estate assets, in aggregate by collateral type (in thousands):

	March 31, 2012					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Office	$ 41,639	25%	$ 86,133	31%	$ 127,772	29%
Hospitality	47,652	29	31,634	11	79,286	18
Retail	29,126	17	46,424	16	75,550	17
Multifamily	—	—	15,908	6	15,908	3
Mixed-use and other	47,567	29	100,437	36	148,004	33
Total	$ 165,984	100%	$ 280,536	100%	$ 446,520	100%

	December 31, 2011					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Office	$ 80,615	34%	$ 104,862	33%	$ 185,477	33%
Hospitality	48,183	20	31,634	10	79,817	14
Retail	29,080	12	64,419	20	93,499	17
Multifamily	—	—	15,908	5	15,908	3
Mixed-use and other	79,379	34	101,242	32	180,621	33
Total	$ 237,257	100%	$ 318,065	100%	$ 555,322	100%

Non-Performing Assets

The Company's non-performing assets consist of all of its 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.

The following table presents information concerning the originated non-performing loans held for sale (in thousands):

	March 31, 2012			December 31, 2011		
	Capmark Bank	Non-Capmark Bank	Total	Capmark Bank	Non-Capmark Bank	Total
Gross principal balance of loans held for sale	$ 950,542	$ 206,285	$1,156,827	$ 1,086,150	$ 267,050	$ 1,353,200
Historical basis and fresh start adjustments (1)	(307,920)	(84,438)	(392,358)	(348,013)	(119,733)	(467,746)
Basis and other adjustments (2)	(26,367)	(5,635)	(32,002)	(23,014)	(5,480)	(28,494)
Carrying value of non-performing loans held for sale	$ 616,255	$ 116,212	$ 732,467	$ 715,123	$ 141,837	$ 856,960
Carrying value as a percentage of loans held for sale (3)	24.8%	30.2%	25.6%	24.8%	32.1%	25.7%

Notes:

(1) Includes basis adjustments at and prior to the Effective Date.

(2) Includes adjustments for the application of lower of cost or fair value accounting ("LOCOM") subsequent to the Effective Date.

(3) Calculation excludes $186.0 million and $211.7 million of loans held for sale as of March 31, 2012 and December 31, 2011, respectively, 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.

In addition, the following table presents information concerning the fair values of real estate acquired through foreclosure and equity investments in entities that hold real estate acquired through foreclosure (together, "REO") (in thousands):

	March 31, 2012			December 31, 2011		
	Capmark Bank	Non-Capmark Bank	Total	Capmark Bank	Non-Capmark Bank	Total
Basis in REO (1)	$ 176,394	$ 283,941	$460,335	$ 245,900	$ 320,592	$ 566,492
LOCOM and other adjustments (2)	(10,410)	(3,405)	(13,815)	(8,643)	(2,527)	(11,170)
Carrying value of REO	$ 165,984	$ 280,536	$ 446,520	$ 237,257	$ 318,065	$ 555,322

Notes:

(1) The value recognized at the time of the application of fresh start accounting as of September 30, 2011 or the value recognized upon the subsequent transfer of the asset from loans held for sale to REO.

(2) Includes adjustments for the application of lower of cost or fair value accounting. Other adjustments include those for equity investments in entities that hold real estate acquired through foreclosure due to the application of the equity method accounting.

RISK FACTORS

For a discussion of the Company's potential risks and uncertainties, see the information under the heading "Risk Factors" in the Company's Report as of and for the three months ended December 31, 2011.

FINANCIAL STATEMENTS

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

	March 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents (1)	$ 2,714,690	$ 2,733,416
Restricted cash (1)	95,945	129,264
Accounts and other receivables (1)	94,710	106,888
Investment securities available for sale	21,905	595,647
Loans held for sale (1)	3,052,581	3,550,269
Real estate investments (1)	540,412	672,660
Equity investments	322,844	322,600
Other assets (1)	41,749	106,112
Assets of discontinued operations (1)	208,146	381,946
Total assets	$ 7,092,982	$ 8,598,802
Liabilities and Equity		
Liabilities:		
Debt	$ 533,610	$ 807,869
Other borrowings (1)	305,320	652,598
Deposit liabilities	3,173,390	3,860,332
Other liabilities (1)	205,037	261,813
Liabilities of discontinued operations (1)	103,627	177,796
Total liabilities	4,320,984	5,760,408
Commitments and Contingent Liabilities		
Equity:		
Common stock, $.001 par value; 110,000,000 shares authorized; 100,052,475 shares issued and outstanding as of March 31, 2012 and December 31, 2011	100	100
Capital paid in excess of par value	2,693,052	2,692,602
Accumulated deficit	(8,650)	(31,651)
Accumulated other comprehensive (loss) income, net of tax	(4,949)	(1,617)
Total Capmark Financial Group Inc. stockholders' equity	2,679,553	2,659,434
Noncontrolling interests	92,445	178,960
Total equity	2,771,998	2,838,394
Total liabilities and equity	$ 7,092,982	$ 8,598,802

The accompanying notes are an integral part of these consolidated financial statements.

(1) The following table presents assets of consolidated variable interest entities ("VIEs") included in each balance sheet line item that can be used only to settle the obligations of the consolidated VIE and liabilities of the consolidated VIE included in each balance sheet line item for which creditors or other interest holders do not have recourse to the general credit of Capmark Financial Group Inc. and its subsidiaries. See Note 9 for further discussion.

	March 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	$ —	$ 2,949
Restricted cash	40,451	72,626
Accounts and other receivables	9,683	4,757
Loans held for sale	238,854	266,779
Real estate investments	81,070	115,850
Other assets	2,730	3,362
Assets of discontinued operations	96,712	240,062
Total assets	$ 469,500	$ 706,385

	March 31, 2012	December 31, 2011
Liabilities		
Other borrowings	$ 2,300	$ 6,079
Other liabilities	10,989	12,315
Liabilities of discontinued operations	16,767	73,482
Total liabilities	$ 30,056	$ 91,876

CAPMARK FINANCIAL GROUP INC.
Consolidated Statement of Comprehensive Income (unaudited)
(in thousands, except per share data)

	Three months ended March 31, 2012
Net Interest Income	
Interest income	$ 38,282
Interest expense	22,280
Net interest income	16,002
Noninterest Income	
Net gains on loans	21,452
Net gains on investments and real estate	881
Other losses, net	(6,730)
Equity in income of joint ventures and partnerships	3,643
Fee revenue	1,878
Net real estate investment and other income	9,786
Total noninterest income	30,910
Net revenue	46,912
Noninterest Expense	
Compensation and benefits	16,319
Professional fees	6,808
Occupancy and equipment	1,672
Other expenses	8,865
Total noninterest expense	33,664
Income from continuing operations before income tax benefit	13,248
Income tax benefit	(324)
Income from continuing operations after income tax benefit	13,572
Loss from discontinued operations, net of tax (includes gain on sale of $8,668)	(17,518)
Net loss	(3,946)
Plus: Net loss attributable to noncontrolling interests	26,947
Net income attributable to Capmark Financial Group Inc.	23,001
Other comprehensive (loss) income	(3,332)
Comprehensive income attributable to Capmark Financial Group Inc.	$ 19,669
Basic and diluted income from continuing operations per share	$ 0.41
Basic and diluted net income per share attributable to Capmark Financial Group Inc.	0.23

The accompanying notes are an integral part of these consolidated financial statements.

CAPMARK FINANCIAL GROUP INC.
Consolidated Statement of Changes in Stockholders' Equity (unaudited)
(in thousands)

	Three months ended March 31, 2012
Common Stock	
Balance at beginning of period	$ 100
Balance at end of period	100
Capital Paid in Excess of Par Value	
Balance at beginning of period	2,692,602
Stock-based compensation expense	450
Balance at end of period	2,693,052
Accumulated Deficit	
Balance at beginning of period	(31,651)
Net income attributable to Capmark Financial Group Inc.	23,001
Balance at end of period	(8,650)
Accumulated Other Comprehensive (Loss) Income, net of tax	
Balance at beginning of period	(1,617)
Other comprehensive (loss) income	(3,332)
Balance at end of period	(4,949)
Total Stockholders' Equity	2,679,553
Noncontrolling Interests	
Balance at beginning of period	178,960
Net loss attributable to noncontrolling interests	(26,947)
Other comprehensive (loss) income attributable to noncontrolling interests	—
Other (includes impact of sale of discontinued operations assets)	(59,568)
Balance at end of period	92,445
Total Equity	$ 2,771,998

The accompanying notes are an integral part of these consolidated financial statements.

CAPMARK FINANCIAL GROUP INC.
Consolidated Statement of Cash Flows (unaudited)
(in thousands)

	Three months ended March 31, 2012
Net Cash Provided By Operating Activities of Continuing Operations	$ 538,533
Investing Activities of Continuing Operations	
Net decrease in restricted cash	33,319
Repayments of investment securities classified as available for sale	569,257
Proceeds from sales of real estate investments	122,710
Proceeds from sales of/capital distributions from equity investments	5,338
Other investing activities, net	(664)
Net cash provided by investing activities of continuing operations	729,960
Financing Activities of Continuing Operations	
Repayments of debt	(272,473)
Repayments of other borrowings	(322,109)
Decrease in deposit liabilities	(660,927)
Net cash used in financing activities of continuing operations	(1,255,509)
Effect of Foreign Exchange Rates on Cash	(6,810)
Discontinued Operations	
Net cash provided by operating activities of discontinued operations	1,558
Net decrease in restricted cash of discontinued operations	(24,900)
Net cash used in other investing activities of discontinued operations	(5,286)
Net Decrease in Cash and Cash Equivalents	(22,454)
Cash and Cash Equivalents, Beginning of Period(1)	2,737,811
Cash and Cash Equivalents, End of Period(2)	$ 2,715,357

Supplemental Disclosures of Cash Flow Information:

Income taxes refunded, net	3,249
Interest paid	54,177

The accompanying notes are an integral part of these consolidated financial statements.

Notes:

(1) Cash and cash equivalents exclude restricted cash of $232.7 million from continuing and discontinued operations and include non-restricted cash of discontinued operations of $4.4 million, respectively as of December 31, 2011.

(2) Cash and cash equivalents exclude restricted cash of $174.4 million from continuing and discontinued operations and include non-restricted cash of discontinued operations of $0.7 million, respectively as of March 31, 2012.

CAPMARK FINANCIAL GROUP INC.
Notes to Consolidated Financial Statements (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.

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.

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”. 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 (the “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, however, there were seventeen Debtors which remained in bankruptcy as of March 31, 2012. The remaining Debtors are primarily non-operating managing member entities associated with the Company’s low-income housing tax credit (“LIHTC”) business.

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 (collectively, the “Guarantors,” and together with Successor CFGI, the “Obligors”), excluding Capmark Bank.

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’s primary business risks include: liquidity risk, credit risk, interest rate and other market risks, and operational risk and are more fully described in Note 2 of the consolidated financial statements included in the Company’s Report as of and for the three months ended December 31, 2011.

2. Basis of Presentation and Recently Issued Accounting Standards

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”) for interim financial reporting. Accordingly, these financial statements do not include all of the information and footnote disclosures required for annual financial reporting. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company’s Report as of and for the three months ended December 31, 2011. The Company’s results for any interim period are not necessarily indicative of results for a full year or any other interim period.

The preparation of the consolidated financial statements 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 and disclosures 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 financial statements. Certain of the Company’s critical 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 financial statements include financial information for Successor CFGI and its consolidated subsidiaries, including wholly-owned and majority-owned subsidiaries in which the Company has a controlling financial interest such as Capmark Bank and those variable interest entities ("VIEs") for which the Company is deemed the primary beneficiary. In certain cases, legal ownership interests and controlling financial interest do not strictly align and there are other specific consolidation criteria that must be applied under GAAP, and in those cases the Company follows the accounting policies more fully described in Note 4 of the consolidated financial statements included in Company's Report as of and for the three months ended December 31, 2011. All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position of the Company as of March 31, 2012 and the results of its operations and cash flows for the interim period presented.

Recently Issued Accounting Standards

In April 2011, the FASB issued ASU 2011-03, *Transfers and Servicing (Topic 860): Reconsideration of Effective Control for Repurchase Agreements* ("ASU 2011-03"). The update removes from the assessment of effective control under ASC 860 the criterion requiring the transferor to have the ability to repurchase or redeem the financial assets on substantially the agreed upon terms even in the event of a default by the transferee as well as the collateral maintenance implementation guidance related to the criterion. ASU 2011-03 is effective on a prospective basis for the first interim or annual period beginning on or after December 15, 2011. The adoption of the guidance in ASU 2011-03 did not have a material effect on the Company's consolidated financial statements.

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 Financial Reporting Standards 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. ASU 2011-04 is effective prospectively during interim and annual periods beginning after December 15, 2011. The adoption of the guidance in ASU 2011-04 did not have a material effect on the Company's consolidated financial statements.

In June 2011, the FASB issued ASU 2011-05, *Comprehensive Income (Topic 220): Presentation of Comprehensive Income* ("ASU 2011-05"). The update standardizes the presentation of comprehensive income by requiring either a continuous statement of comprehensive income that includes total comprehensive income, the components of net income and components of comprehensive income or two separate but continuous statements. The update also requires entities to display on the face of the financials reclassification adjustments for items that are reclassified from comprehensive income to net income in the statement where the components of net income and components of comprehensive income are presented. The update is effective retrospectively for fiscal years and interim periods within those years beginning after December 15, 2011. The adoption of the guidance in ASU 2011-05 would change the presentation of the Company's consolidated statement of operations. In December 2011, the FASB deferred the requirements in ASU 2011-05 related to the presentation of reclassification adjustments. The deferral did not affect the adoption of the remaining provisions of ASU 2011-05. The Company has considered the guidance not deferred in ASU 2011-05 in preparing the Company's consolidated financial statements.

In December 2011, the FASB issued ASU 2011-10, *Property, Plant and Equipment (Topic 360): Derecognition of In-Substance Real Estate* ("ASU 2011-10"). The update applies to a parent that ceases to have a controlling financial interest in a subsidiary that is in substance real estate as a result of default on the subsidiary's nonrecourse debt and clarifies that in those circumstances, the parent continues to consolidate the subsidiary's assets, liabilities and operations until legal title to the real estate is legally transferred in satisfaction of the debt. The update is effective for fiscal years and interim periods within those years beginning on or after June 15, 2012. The adoption of the guidance in ASU 2011-10 is not expected to have a material effect on the Company's consolidated financial statements.

Also in December 2011, the FASB issued ASU 2011-11, *Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities* ("ASU 2011-11"). The update expands the required disclosures for financial instruments and derivative instruments that offset under other GAAP or are subject to an enforceable master netting arrangement or similar agreement. The update is effective for annual periods beginning on or after January 1, 2013. The adoption of the guidance in ASU 2011-11 is not expected to have a material effect on the Company's consolidated financial statements.

3. Investment Securities Available For Sale

Investment securities classified as available for sale included: securities primarily backed by Ginnie Mae, Fannie Mae and Freddie Mac (government sponsored enterprise or "GSE securities"); commercial paper; and other investment securities. The following table summarizes the fair value of the Company's investment securities classified as available for sale by security type (in thousands):

	March 31, 2012				December 31, 2011			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
GSE securities	$ 4,816	$ 55	$ —	$ 4,871	$ 323,905	$ 123	$ —	$ 324,028
Commercial paper	—	—	—	—	249,865	5	—	249,870
Other securities	16,099	935	—	17,034	20,639	1,110	—	21,749
Total	$ 20,915	$ 990	$ —	$ 21,905	$ 594,409	$ 1,238	$ —	$ 595,647

The Company did not have any sales of investment securities available for sale for the three months ended March 31, 2012, however $569.3 million of debt securities reached maturity or were redeemed. Gains and losses are recorded as a component of net (losses) gains on investments and real estate on the consolidated statement of operations.

The following table summarizes the maturities of debt securities classified as available for sale as of March 31, 2012 (in thousands):

	Amortized cost
Due in one year or less	$ 4,114
Due after one year through five years	4,457
Due after five years through ten years	5,262
Due after ten years	7,082
Total	$ 20,915

4. Loans Held for Sale

The following table summarizes the Company's loans held for sale carried at the lower of cost or fair value by collateral type (in thousands):

	March 31, 2012		December 31, 2011	
Collateral type	Carrying amount	Percent of portfolio	Carrying amount	Percent of portfolio
Hospitality	$ 928,114	30%	$ 1,089,273	31%
Healthcare	501,126	17	600,070	17
Multifamily	422,552	14	467,685	13
Office	370,124	12	505,555	14
Retail	274,310	9	272,933	8
Mixed-use and other(1)	556,355	18	614,753	17
Total	$ 3,052,581	100%	$ 3,550,269	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 Company had $732.5 million and $857.0 million of loans held for sale on nonaccrual status as of March 31, 2012 and December 31, 2011, respectively.

5. Real Estate Investments

The following table summarizes the carrying amount of the Company's real estate investments by classification and geographic region (in thousands):

	March 31, 2012			December 31, 2011		
	North America	Asia	Total	North America	Asia	Total
Acquired through foreclosure	$ 377,879	$ 16,131	$ 394,010	$ 450,169	$ 51,431	$ 501,600
Held for sale	—	146,402	146,402	—	118,976	118,976
Held for investment, net of depreciation	—	—	—	—	52,084	52,084
Total	$ 377,879	$ 162,533	$ 540,412	$ 450,169	$ 222,491	$ 672,660

Real estate acquired through foreclosure included four assets classified as in-substance foreclosure totaling $41.9 million as of March 31, 2012.

6. Equity Investments

The following table summarizes the Company's equity investments by investment type (in thousands):

	March 31, 2012		December 31, 2011	
	Carrying amount	Percent of portfolio	Carrying amount	Percent of portfolio
Investments in real estate investment funds and other real estate ventures in the United States	$ 199,448	61%	$ 194,220	60%
Investment in the capital stock of Federal Home Loan Bank of Seattle ("FHLB")	57,979	18	57,979	18
Investments in entities that hold foreclosed real estate assets in the United States	52,510	16	53,722	17
Investments in real estate projects, joint ventures and real estate equity investment funds in Europe	7,983	3	8,559	3
Other	4,924	2	8,120	2
Total	$ 322,844	100%	$ 322,600	100%

7. Debt and Other Borrowings

The following table summarizes the Company's outstanding borrowings (in thousands):

	March 31, 2012		December 31, 2011	
	Carrying amount	Contractual amount	Carrying amount	Contractual amount
Secured notes	$ 470,135	$ 475,034	$ 733,246	$ 738,959
Japanese settlement agreement	63,475	93,475	74,623	110,850
Total debt	533,610	568,509	807,869	849,809
FHLB borrowings	101,111	100,000	393,795	391,069
Other borrowings	204,209	204,209	258,803	258,803
Total other borrowings	305,320	304,209	652,598	649,872
Total	$ 838,930	$ 872,718	$ 1,460,467	$ 1,499,681

Secured Notes

The Company funded a $263.9 million redemption of the Secured Notes on January 31, 2012. The redemption included $238.9 million of floating rate first lien A notes which represented the complete redemption of that series and $25.0 million for a partial redemption of floating rate first lien extendible B notes. The principal payment on the Secured Notes was effective on February 1, 2012. See Note 16 for further information on redemptions made after March 31, 2012.

On March 27, 2012, the Company executed a supplemental indenture that permits the Company to use up to all of the $25.0 million held in the interest reserve account held by the indenture trustee to pay interest and principal on the Secured Notes, beginning on the May 1, 2012 payment date.

Management believes that the Company was in compliance with its covenant requirements for the Secured Notes as of March 31, 2012.

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

In accordance with the Japanese Settlement Agreement, the Company's Japanese borrowers who are party to this agreement (the "Japanese Borrowers") made a ¥665.1 million (approximately $8.7 million) payment to the Japanese lenders who are also party to this agreement (the "Japanese Lenders") on January 10, 2012. See Note 16 for further information on distributions made in accordance with the Japanese Settlement Agreement after March 31, 2012.

Other borrowings

Capmark Bank repaid $100.0 million of FHLB advances with maturities in April and May of 2012 on January 13, 2012 and on February 6, 2012 repaid $180.7 million of FHLB advances with maturities in May and November of 2012 and various dates in 2013.

Maturities

The following table reflects the scheduled contractual maturity of the Company's borrowings as of March 31, 2012 through March 31 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):

2013	$ 19,765
2014	151,517
2015	140,252
2016	538,421
2017	—
2018 and thereafter	22,763
Total debt and other borrowings	$ 872,718

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 the carrying value of 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 (in thousands):

	Other Secured Borrowings (Excludes Secured Notes)					
	March 31, 2012			**December 31, 2011**		
	FHLB Borrowings	**Other Secured Borrowings**	**Total**	**FHLB Borrowings**	**Other Secured Borrowings**	**Total**
Restricted cash	$ —	$ 27,929	$ 27,929	$ —	$ 64,277	$ 64,277
Investment securities available for sale	3,616	—	3,616	322,550	—	322,550
Loans held for sale	172,964	185,983	358,947	252,672	211,732	464,404
Total assets pledged as collateral (1)	$ 176,580	$ 213,912	$ 390,492	$ 575,222	$ 276,009	$ 851,231
Related secured borrowings	$ 101,111	$ 201,909	$ 303,020	$ 393,795	$ 256,637	$ 650,432

Note:

(1) Represents the carrying amount of assets pledged and not the borrowing capacity under these facilities.

As of March 31, 2012, there were no borrowings outstanding with the Federal Reserve Bank, however $19.4 million of loans held for sale were pledged as collateral.

8. Deposit Liabilities

The following table summarizes Capmark Bank's deposit liabilities (in thousands):

	March 31, 2012		December 31, 2011	
	Carrying value	Contractual amount	Carrying value	Contractual amount
Brokered certificates of deposit	$ 3,071,984	$ 2,975,347	$ 3,687,037	$ 3,564,617
Institutional time deposits	101,406	101,272	173,295	172,929
Total	$ 3,173,390	$ 3,076,619	$ 3,860,332	$ 3,737,546

9. Variable Interest Entities

The Company is involved with various entities in the normal course of business that may be deemed to be VIEs. 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 which have not been consolidated because the Company is not considered the primary beneficiary.

The Company has evaluated its investments and other interests in entities that may be considered VIEs under the provisions of ASC 810. See Note 11 of the consolidated financial statements included in Company's Report as of and for the three months ended December 31, 2011 for a description of 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.

The Company did not provide any financial support to VIEs that it was not contractually obligated to provide for the three months ended March 31, 2012. In the three months ended March 31, 2012, the Company is no longer consolidating two real estate investment borrower special entities and one NMTC fund deemed to be VIEs as the underlying assets were paid off or sold and therefore the Company is no longer considered to be the primary beneficiary of the VIEs.

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):

	March 31, 2012			December 31, 2011		
	NMTC funds	Real estate investments	Total	NMTC funds	Real estate investments	Total
Cash and cash equivalents	$ —	$ —	$ —	$ —	$ 2,949	$ 2,949
Restricted cash	35,961	4,490	40,451	72,626	—	72,626
Accounts and other receivables	7,434	2,249	9,683	1,557	3,200	4,757
Loans held for sale	238,854	—	238,854	266,779	—	266,779
Real estate investments	39,137	41,933	81,070	39,137	76,713	115,850
Other assets	1,438	1,292	2,730	1,442	1,920	3,362
Total assets (1)	$ 322,824	$ 49,964	$ 372,788	$ 381,541	$ 84,782	$ 466,323
Other borrowings	2,300	—	2,300	6,079	—	6,079
Other liabilities	4,052	6,937	10,989	5,076	7,239	12,315
Total liabilities (1)	$ 6,352	$ 6,937	$ 13,289	$ 11,155	$ 7,239	$ 18,394

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 in which the Company has a variable interest (in thousands):

				Maximum exposure to loss(3)			
	Size of VIEs(1)	Carrying amount of assets(2)	Carrying amount of liabilities(2)	Commitments	Loans and investments	Other	Total
As of March 31, 2012							
Loans held for sale	$ 2,279,284	$ 1,297,012	$ —	$ 12,899	$ 1,294,432	$ 2,580	$ 1,309,911
NMTC funds	172,375	159,402	—	—	134,912	24,490	159,402
Collateralized debt obligations	455,414	4,796	—	—	4,796	—	4,796
CMBS securitization trusts	2,279,924	2,726	—	—	2,726	—	2,726
Total	$ 5,186,997	$ 1,463,936	$ —	$ 12,899	$ 1,436,866	27,070	$ 1,476,835
As of December 31, 2011							
Loans held for sale	$ 2,401,612	$ 1,446,337	$ —	$ 15,671	$ 1,444,216	$ 2,121	$ 1,462,008
NMTC funds	217,660	189,045	—	—	159,899	29,145	189,044
Collateralized debt obligations	487,853	9,059	—	—	9,059	—	9,059
CMBS securitization trusts	2,322,831	3,086	—	—	3,086	—	3,086
Total	$ 5,429,956	$ 1,647,527	$ —	$ 15,671	$ 1,616,260	$ 31,266	$ 1,663,197

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.

Discontinued Operations

Assets of discontinued operations and liabilities of discontinued operations on the Company's consolidated balance sheet as of March 31, 2012 include $96.7 million of assets and $16.8 million of liabilities, respectively, for 19 guaranteed upper-tier tax credit funds and lower-tier operating partnerships constituting VIEs which are consolidated by the Company because the Company is the primary beneficiary.

Assets of discontinued operations and liabilities of discontinued operations on the Company's consolidated balance sheet as of December 31, 2011 include $240.1 million of assets and $73.5 million of liabilities, respectively, for 35 guaranteed upper-tier tax credit funds and lower-tier operating partnerships constituting VIEs which are consolidated by the Company because the Company is the primary beneficiary.

The carrying value of the assets included in assets of discontinued operations on the Company's consolidated balance sheet related to the Company's variable interest in 89 and 179 non-consolidated VIEs for lower-tier operating partnerships was $73.9 million and $150.4 million as of March 31, 2012 and December 31, 2011, respectively. The lower-tier operating partnerships included in discontinued operations had underlying assets of $1.1 billion and $2.2 billion as of March 31, 2012 and December 31, 2011, respectively. The Company's discontinued operations had a maximum exposure to loss of $272.1 million and $422.5 million related to commitments, guarantees and collateral, and loans and investments for non-consolidating VIEs for lower-tier operating partnerships as of March 31, 2012 and December 31, 2011, respectively. See Note 10 for a discussion of Discontinued Operations.

10. Discontinued Operations

The Company has an agreement to sell substantially all the assets of the LIHTC business to affiliates of 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, sales of assets for $80.2 million closed through December 31, 2011 and included those assets for which the Company had been able to achieve settlements and restructuring of the underlying transactions with counterparties through that date. Three additional asset sales for an aggregate sale amount of $23.0 million closed in the three months ended March 31, 2012.

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

	March 31, 2012	December 31, 2011
Cash and cash equivalents	$ 667	$ 4,395
Restricted cash	78,495	103,395
Investment securities	28,149	30,630
Loans held for sale	681	4,044
Real estate investments	22,779	81,318
Equity investments	73,696	150,243
Other assets	3,679	7,921
Total assets of discontinued operations	$ 208,146	$ 381,946
Other borrowings	$ 19,928	$ 54,948
Other liabilities	83,699	122,848
Total liabilities of discontinued operations	$ 103,627	$ 177,796

In addition, $79.9 million and $165.8 million of noncontrolling interests as of March 31, 2012 and December 31, 2011, respectively, included in total equity represent third-party investments in the net assets of entities, which are consolidated by the Company under ASC 810, and associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests.

11. Fair Value of Assets and Liabilities

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 tables summarize the assets measured at fair value on a recurring basis, 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 March 31, 2012
Accounts receivable	$ —	$ —	$ 3,653	$ —	$ 3,653
Investment securities available for sale:					
GSE securities	—	4,871	—	—	4,871
Other securities	—	8,720	8,314	—	17,034
Derivative assets:					
Interest rate contracts	—	4,595	—	—	4,595
Foreign exchange contracts	—	229	—	—	229
Total assets measured at fair value on a recurring basis	$ —	$ 18,415	$ 11,967	$ —	$ 30,382

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 December 31, 2011
Accounts receivable	$ —	$ —	$ 3,653	$ —	$ 3,653
Investment securities available for sale:					
GSE securities	—	324,028	—	—	324,028
Commercial paper	—	249,870	—	—	249,870
Other securities	—	8,637	13,112		21,749
Derivative assets:					
Interest rate contracts	—	59,316	—	(1,900)	57,416
Foreign exchange contracts	—	393	—	—	393
Total assets measured at fair value on a recurring basis	$ —	$ 642,244	$ 16,765	$ (1,900)	$ 657,109

There were no transfers of assets between Level 1 and Level 2 in the three months ended March 31, 2012. The following table summarizes the changes in fair value for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the three months ended March 31, 2012 (in thousands):

	Accounts Receivable	Investment Securities Available for Sale	Total
Beginning balance as of January 1, 2012	$ 3,653	$ 13,112	$ 16,765
Purchases, issuances, sales and settlements:			
Purchases	—	—	—
Issuances	—	—	—
Sales	—	—	—
Settlements	—	—	—
Total net realized/unrealized losses:			
Included in earnings	—	(4,497)	(4,497)
Included in other comprehensive income (loss)	—	(301)	(301)
Transfers into Level 3	—	—	—
Transfers out of Level 3	—	—	—
Ending balance as of March 31, 2012	$ 3,653	$ 8,314	$ 11,967
The amount of total losses for the period included in earnings attributable to the change in unrealized losses relating to assets still held as of March 31, 2012	$ —	$ (4,497)	$ (4,497)

Certain assets are measured at fair value on a nonrecurring basis, including adjustments to fair value based on the application of lower of cost or fair value accounting and asset impairments. There were no liabilities measured at fair value on a nonrecurring basis. The following tables present the carrying values of certain impaired assets measured at fair value on a nonrecurring basis and still held as of March 31, 2012 and December 31, 2011 and any impairments recognized for the three months ended, respectively (in thousands):

	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of March 31, 2012	Total losses, net for the three months ended March 31, 2012
Loans held for sale	$ —	$ —	$ 800,754	$ 800,754	$ (3,532)
Real estate held for sale	—	—	24,121	24,121	(4,345)
Real estate acquired through foreclosure	—	—	30,485	30,485	(2,796)

	Quoted Prices In Active Markets For Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance as of December 31, 2011	Total losses for the three months ended December 31, 2011
Loans held for sale	$ —	$ 9,324	$ 883,776	$ 893,100	$ (50,718)
Real estate held for sale	—	—	6,525	6,525	(607)
Real estate acquired through foreclosure	—	—	34,063	34,063	(6,751)

The following table presents the carrying amount and fair value of financial assets and financial liabilities (in thousands):

		March 31, 2012		December 31, 2011	
	Fair Value Hierarchy Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets:					
Cash and cash equivalents	Level 1	$ 2,714,690	$ 2,714,690	$ 2,733,416	$ 2,733,416
Restricted cash	Level 1	95,945	95,945	129,264	129,264
Accounts and other receivables	(1)	94,710	94,710	106,888	106,888
Investment securities available for sale	(2)	21,905	21,905	595,647	595,647
Loans held for sale	Level 3	3,052,581	3,161,455	3,550,269	3,615,981
Derivative assets	Level 2	4,824	4,824	57,809	57,809
Financial Liabilities:					
Debt	Level 1	533,610	535,189	807,869	826,503
Other borrowings	Level 2	305,320	305,413	652,598	653,150
Deposit liabilities	Level 2	3,173,390	3,185,310	3,860,332	3,864,098

Notes:

(1) All accounts and other receivables are Level 1 except as noted in the tables above that summarize the assets measured at fair value on a recurring basis.

(2) Level 2 and Level 3 as noted in the tables above that summarize the assets measured at fair value on a recurring basis.

12. Commitments and Contingent Liabilities

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 March 31, 2012, 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.

13. Regulatory Matters

Capmark Bank, a Utah state chartered industrial bank and a wholly-owned subsidiary of Successor CFGI, is jointly regulated by the Federal Deposit Insurance Corporation ("FDIC") and the Utah Department of Financial Institutions ("UDFI") (together 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 Bank Regulators requiring Capmark Bank to, among other restrictions, (i) maintain a Tier 1 capital to total assets ratio ("Tier 1 Leverage 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 Bank Regulators. 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

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 was deemed to have assumed its commitments to the FDIC under the CMA to maintain the capital level of Capmark Bank and the CMA remains in effect as of the date of this report.

The following table summarizes the FDIC's well-capitalized ratio requirements and Capmark Bank's regulatory capital ratios. 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."

Ratio	Minimum Percentage to be "Well-Capitalized"	March 31, 2012	December 31, 2011
Tier 1 leverage ratio	5.0%	32.4%	29.3%
Tier 1 risk-based capital ratio	6.0%	67.7%	53.8%
Total risk-based capital ratio	10.0%	67.7%	53.8%

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%.

14. Earnings Per Share

The table below demonstrates how the Company computed basic and diluted earnings per share (in thousands, except per share amounts):

	Three months ended March 31, 2012
Income from continuing operations after income taxes	$ 13,572
Plus: Net loss attributable to noncontrolling interests	26,947
Income from continuing operations	40,519
Loss from discontinued operations, net	(17,518)
Net income attributable to Capmark Financial Group Inc.	$ 23,001
Basic income per share from continuing operations	$ 0.41
Diluted income per share from continuing operations	0.41
Basic loss per share from discontinued operations	(0.18)
Diluted loss per share from discontinued operations	(0.18)
Basic net income per share attributable to Capmark Financial Group Inc.	0.23
Diluted net income per share attributable to Capmark Financial Group Inc.	0.23
Basic weighted average shares outstanding	99,594
Effect of dilutive shares for nonvested shares	111
Diluted weighted average shares outstanding	99,705
Antidilutive shares for nonvested shares	—

15. Segment Information

The Company's business segments are separately managed and organized based on geography and the type of business conducted. The Company's continuing operations have four reportable business segments: Capmark Bank, North American Asset Management, Real Estate Investment Funds and Asian Operations.

The following table summarizes the financial results of the continuing operations for the Company's business segments for the three months ended March 31, 2012 (in thousands):

	Segments					
	Capmark Bank	North American Asset Management	Asian Operations	Real Estate Investment Funds	Corporate and Other	Consolidated
Net interest income	$ 25,547	$ 4,105	$ 9	$ —	$ (13,659)	$ 16,002
Noninterest income	14,316	17,929	11,606	3,279	(16,220)	30,910
Total net revenue	39,863	22,034	11,615	3,279	(29,879)	46,912
Noninterest expense	14,691	3,978	4,020	212	10,763	33,664
Income (loss) before income taxes	25,172	18,056	7,595	3,067	(40,642)	13,248
Net loss attributable to noncontrolling interests	—	1,310	(1,023)	—	26,660	26,947

16. Subsequent Events

Subsequent events were evaluated through May 15, 2012, the date the consolidated financial statements were issued. Subsequent events include:

- In accordance with the Japanese Settlement Agreement, the Japanese Borrowers made a ¥1.4 billion (approximately $17.2 million) payment to the Japanese Lenders on April 6, 2012.

- On April 11, 2012, the Company received $9.0 million of cash from the reserves for disputed administrative and priority claims. This amount represents certain disputed administrative and priority claims that were resolved in favor of the Company from the Effective Date through March 31, 2012. The disputed claims are more fully described in Note 4 of the consolidated financial statements included in Company's Report as of and for the three months ended December 31, 2011.

- In accordance with the Crystal Ball Settlement referred to in Section 4.10 of the Plan, Crystal Ball Holding of Bermuda Limited made a $7.1 million payment on April 16, 2012.

- On April 25, 2012, Capmark Bank entered into a definitive agreement pursuant to which another FDIC insured bank will assume approximately $834.0 million (in aggregate principal amount) of Capmark Bank's Brokered CDs, which represent all of Capmark Bank's Brokered CDs maturing in October 2013 or later. The transfer and assumption is subject to regulatory approvals and other customary closing conditions.

- The Company funded a $141.2 million redemption of the floating rate first lien extendible B notes on Apri1 30, 2012. The principal payment on the Secured Notes was effective on May 1, 2012. After taking into account this redemption, the remaining principal balance of the floating rate first lien extendible B notes was $333.8 million on May 1, 2012.

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 consolidated financial statements.