Capmark Financial Group Inc.
Quarterly Report for the period ended June 30, 2012

FINANCIAL INFORMATION

Pursuant to Article VII, Section 11 of the Amended and Restated By-Laws of Capmark Financial Group Inc.

CAPMARK FINANCIAL GROUP INC.

116 Welsh Road
Horsham, Pennsylvania 19044
(215) 328-4622

CAPMARK FINANCIAL GROUP INC.
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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 June 30, 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. As of June 30, 2012, the Company had approximately 140 employees located in 6 offices in the United States and one office in Japan.

On October 25, 2009, Capmark Financial Group Inc. (Capmark Financial Group Inc. prior to its emergence from bankruptcy is referred to as "Predecessor CFGI") and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code ("chapter 11 of the Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware. On January 15, 2010, Capmark Investments LP and on July 29, 2010, Protech Holdings C LLC commenced their respective voluntary cases under chapter 11 of the Bankruptcy Code. The entities which filed voluntary cases under chapter 11 of the Bankruptcy Code are referred to herein as the "Debtors". Certain of the Debtors, including Capmark Financial Group Inc. (Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as "Successor CFGI"), emerged from bankruptcy on September 30, 2011 (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 thirteen Debtors which remained in bankruptcy as of June 30, 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 were guaranteed and secured by the assets of certain of its domestic subsidiaries, excluding Capmark Bank. The subsidiary guarantors of the Secured Notes were 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 will be making an optional redemption of the remaining outstanding balance of the floating rate first lien extendible B notes ("B Notes") on September 5, 2012. The optional redemption is being made pursuant to the terms of the indenture governing the B Notes (the "Indenture"). On August 7, 2012, the Company deposited sufficient funds in trust with the trustee under the Indenture to satisfy and discharge the B Notes and the Indenture, and the trustee has acknowledged such satisfaction and discharge. Pursuant to the terms of the Indenture, the Company and the Obligors have no further obligations under the Indenture other than the survival of certain customary provisions such as the indemnification of the trustee.

On April 25, 2012, Capmark Bank entered into a definitive agreement pursuant to which another Federal Deposit Insurance Corporation ("FDIC") insured bank will assume approximately $834.0 million (in aggregate principal amount) of Capmark Bank's brokered certificates of deposit ("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 expects the transaction to close in the third quarter of 2012. The Company also expects that the aggregate outstanding principal balance of Capmark Bank's Brokered CDs will be approximately $1.1 billion as of September 30, 2012, following the closing of the transaction and taking into account the expected Brokered CD maturities in the third quarter of 2012.

In late July and early August 2012, Capmark Bank distributed approximately $1.57 billion of assets to Capmark Financial Group Inc. The distribution consisted of loans held for sale, real estate investments and related assets with an aggregate fair value of approximately $1.32 billion and approximately $250 million of cash. The FDIC and the Utah Department of Financial Institutions ("UDFI") (together, the "Bank Regulators") expressed no objection to the distribution. Any future distributions or dividends must continue to be made with the prior written consent of the Bank Regulators. After giving effect to the distribution, Capmark Bank had stockholders' equity of approximately $400 million, approximately $2.6 billion of assets consisting primarily of cash and approximately $2.2 billion of liabilities consisting primarily of Brokered CDs. Following the distribution, the majority of the employees of Capmark Bank were transferred to another subsidiary of the Company and 14 employees remained at Capmark Bank.

Highlights from the three and six months ended June 30, 2012 included:

- The Company had consolidated net income of $133.8 million in the six months ended June 30, 2012, which was driven by $136.0 million of noninterest income primarily from net gains on loans held for sale and $70.9 million of interest income primarily from loans held for sale and offset by $39.7 million of interest expense primarily on the Secured Notes and Brokered CDs and $59.6 million of noninterest expense. Net gains on loans of $137.9 million included $117.1 million of realized gains on full or partial dispositions of loans held for sale and $18.7 million of net recapture of losses from the application of the lower of cost or fair value accounting ("LOCOM") to loans held for sale.

- In June 2012, two subsidiaries of the Company completed the sale of two portfolios of loans held for sale to an unaffiliated financial institution. The aggregate unpaid principal balance of these portfolios was approximately $911 million for 54 loans held for sale. Approximately 97% of the aggregate portfolio was owned by Capmark Bank. The Company recognized a pre-tax gain on sale of approximately $53.1 million in the three and six months ended June 30, 2012 in connection with these transactions, which is included in the net gains on loans amount discussed above.

- In the three months ended June 30, 2012, the Company's continuing operations generated $1.6 billion of net proceeds from the monetization of assets (including the sales of the loan portfolios mentioned above) at prices slightly above their carrying value on a weighted average basis:

    - Capmark Bank disposed of or collected on 92 assets for $1.4 billion of proceeds which was 108% of the March 31, 2012 carrying value.

    - The North American Asset Management segment disposed of or collected on 20 assets for $125.5 million of proceeds which was 110% of the March 31, 2012 carrying value.

    - In addition, Capmark Bank collected $37.5 million and the North American Asset Management segment collected $4.4 million of payments on assets which they continue to hold.

- In the six months ended June 30, 2012, the Company's continuing operations generated $2.1 billion of net proceeds from the monetization of assets at prices slightly above their carrying value on a weighted average basis:

    - Capmark Bank disposed of or collected on 121 assets for $1.8 billion of proceeds which was 106% of the carrying value of the assets in the quarter prior to disposal.

    - The North American Asset Management segment disposed of or collected on 29 assets for $184.0 million of proceeds which was 109% of the carrying value of the assets in the quarter prior to disposal.

    - In addition, Capmark Bank collected $80.2 million and the North American Asset Management segment collected $8.8 million of payments on assets which they continue to hold.

- The Company redeemed $266.2 million and $530.2 million, respectively, of the Secured Notes in the three and six months ended June 30, 2012.

- Capmark Bank repaid $816.9 million and $1.5 billion of matured deposit liabilities in the three and six months ended June 30, 2012, respectively.

- Capmark Bank fully repaid all borrowings with the Federal Home Loan Bank of Seattle ("FHLB") in the first six months of 2012.

For management reporting purposes, the Company conducts its asset management businesses through three business segments. These business segments, which consider the type and the regulated nature of business conducted, are as follows:

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

Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of and for the three and six months ended June 30, 2012 and it is no longer reflected as a business segment of continuing operations.

Presentation of the Company's Statements of Financial Condition

Consolidated Balance Sheets

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

	June 30, 2012			
	Capmark Bank	Non–Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 2,838,382	$ 141,346	$ —	$ 2,979,728
Restricted cash	—	64,790	—	64,790
Accounts and other receivables	88,895	45,206	—	134,101
Investment securities available for sale	13,262	6,811	—	20,073
Loans held for sale	1,215,899	444,704	—	1,660,603
Real estate investments	78,892	221,514	—	300,406
Equity investments	100,175	241,156	(28,288)	313,043
Investment in subsidiary	—	1,952,627	(1,952,627)	—
Other assets	4,392	24,786	—	29,178
Assets of discontinued operations	—	422,301	—	422,301
Total assets	$ 4,339,897	$ 3,565,241	$ (1,980,915)	$ 5,924,223
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ 208,392	$ —	$ 208,392
Other borrowings	—	198,385	—	198,385
Deposit liabilities	2,335,785	—	—	2,335,785
Other liabilities	51,485	99,805	—	151,290
Liabilities of discontinued operations	—	158,447	—	158,447
Total liabilities	2,387,270	665,029	—	3,052,299
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	1,840,738	2,693,502	(1,840,738)	2,693,502
Retained earnings	111,544	102,110	(111,544)	102,110
Accumulated other comprehensive income (loss), net of tax	344	(3,439)	(344)	(3,439)
Total Capmark Financial Group Inc. stockholders' equity	1,952,627	2,792,273	(1,952,627)	2,792,273
Noncontrolling interests	—	107,939	(28,288)	79,651
Total equity	1,952,627	2,900,212	(1,980,915)	2,871,924
Total liabilities and equity	$ 4,339,897	$ 3,565,241	$ (1,980,915)	$ 5,924,223

	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 $5.9 billion and $8.6 billion of assets as of June 30, 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 $4.3 billion and $6.2 billion were held at Capmark Bank and $422.3 million and $381.9 million were associated with discontinued operations as of June 30, 2012 and December 31, 2011, respectively. Assets of the continuing operations also included $64.8 million and $129.3 million of restricted cash, as of June 30, 2012 and December 31, 2011, respectively, that is restricted as to withdrawal or usage. Substantially all of the assets of the Obligors were pledged as collateral for the Secured Notes as of June 30, 2012.

The consolidated balance sheet of the Company also included $3.1 billion and $5.8 billion of liabilities as of June 30, 2012 and December 31, 2011, respectively. The liabilities included $2.4 billion and $4.3 billion at Capmark Bank and $158.4 million and $177.8 million associated with discontinued operations as of June 30, 2012 and December 31, 2011, respectively. Capmark Bank's liabilities were primarily comprised of $2.3 billion and $3.9 billion of FDIC-insured deposit liabilities. The continuing operations of the Company included $208.4 million and $733.2 million of debt obligations under the Secured Notes as of June 30, 2012 and December 31, 2011, respectively. The excess cash flow generated by the Obligors was required to be utilized for payment of the Secured Notes as specified under the Indenture. Liabilities of the continuing operations of the Company also included $196.0 million and $256.6 million of other borrowings as of June 30, 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 $79.7 million and $179.0 million of noncontrolling interests of the Company in total equity as of June 30, 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 June 30, 2012 and December 31, 2011 (in thousands):

Assets from Continuing Operations	**Capmark Bank**	**North American Asset Management**	**Real Estate Investment Funds**	**Corporate and Other**	**June 30, 2012**
Cash and cash equivalents	$ 2,838,382	$ —	$ 2,165	$ 139,181	$ 2,979,728
Restricted cash	—	—	—	64,790	64,790
Accounts and other receivables	88,895	29,262	—	15,944	134,101
Investment securities available for sale	13,262	—	—	6,811	20,073
Loans held for sale	1,215,899	419,145	4,302	21,257	1,660,603
Real estate investments	78,892	221,514	—	—	300,406
Equity investments	100,175	10,180	202,450	238	313,043
Other assets	4,392	2,187	—	22,599	29,178
Total continuing operations assets	$ 4,339,897	$ 682,288	$ 208,917	$ 270,820	$ 5,501,922

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 $1.5 billion as of June 30, 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 and equity investments in entities that hold real estate investments acquired through foreclosure with an aggregate carrying value of $1.3 billion and $3.1 billion as of June 30, 2012 and December 31, 2011, respectively 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):

	June 30, 2012		December 31, 2011	
	Number of assets	**Aggregate carrying value**	**Number of assets**	**Aggregate carrying value**
Loans held for sale - performing	77	$ 1,100,109	138	$ 2,172,610
Loans held for sale - nonperforming	13	115,790	63	715,123
Real estate acquired through foreclosure	15	78,892	25	191,458
Equity investments in real estate acquired through foreclosure	2	42,196	2	45,800
Total	107	$ 1,336,987	228	$ 3,124,991

In June 2012, Capmark Bank was one of two subsidiaries of the Company that completed the sale of a portfolio of loans held for sale to an unaffiliated financial institution. The aggregate unpaid principal balance of the Capmark Bank portfolio was approximately $881 million for 47 loans held for sale. Capmark Bank recognized a pre-tax gain on sale of approximately $54.7 million in the three and six months ended June 30, 2012 for this transaction. The remaining decrease in the carrying value of loans held for sale and real estate investments as of June 30, 2012 compared to December 31, 2011 was primarily related to the disposition of and collections on other assets in the loan and real estate portfolio.

Accounts and other receivables increased $35.4 million as of June 30, 2012 compared to December 31, 2011 primarily due to an increase in the receivable from the loan portfolio servicing agent. Investment securities available for sale declined $569.3 million in the six months ended June 30, 2012 primarily due to repayments and redemption of debt securities. The decrease in other assets of $54.2 million as of June 30, 2012 compared to December 31, 2011 was primarily related to the termination of all outstanding interest rate derivative contracts.

North American Asset Management

As of June 30, 2012, the aggregate carrying value of the assets in the North America Asset Management segment was $682.3 million compared to $908.9 million as of December 31, 2011. 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 with an aggregate carrying value of $650.8 million and $872.1 million as of June 30, 2012 and December 31, 2011, respectively. The decrease in the carrying value of loans held for sale and real estate investments as of June 30, 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):

	June 30, 2012		December 31, 2011	
	Number of assets	**Aggregate carrying value**	**Number of assets**	**Aggregate carrying value**
Loans held for sale - performing	17	$ 190,798	26	$ 248,668
Loans held for sale - nonperforming	16	66,467	29	137,535
Real estate acquired through foreclosure	16	221,514	21	258,711
Equity investments in real estate acquired through foreclosure	6	10,180	8	15,525
Total	55	$ 488,959	84	$ 660,439

The North America Asset Management segment also included $161.9 million and $211.7 million of loans held for sale, as of June 30, 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.

Real Estate Investment Funds

The aggregate carrying value, excluding cash and cash equivalents, of the 20 real estate equity and debt investments and one loan held for sale in the Real Estate Investment Funds segment was $206.8 million compared to $207.1 million as of June 30, 2012 and December 31, 2011, respectively. As of June 30, 2012 and December 31, 2011, these assets primarily consisted of $174.6 million and $174.2 million of limited partnership interests and membership interests in real estate equity investment funds and joint ventures and $27.9 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 $66.8 million as of June 30, 2012 and $122.4 million as of December 31, 2011. These assets primarily consisted of (i) $21.3 million of loans originated by the Company's European operations, (ii) $6.8 million of investment securities available for sale, and (iii) $22.6 million of other assets as of June 30, 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 $46.0 million and $72.6 million as of June 30, 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 events that occurred during the period that allowed certain restricted cash balances to be removed as the derecognition criteria under GAAP was achieved. Restricted cash as of December 31, 2011 included $25.0 million related to the Secured Notes, however in the three and six months ended June 30, 2012, this cash was utilized for principal and interest payments on the Secured Notes. Restricted cash as of June 30, 2012 and December 31, 2011 also included $9.4 million and $18.5 million, respectively, of balances in escrow for disputed administrative, priority and convenience class bankruptcy claims. On April 11, 2012, the Company received $9.0 million of cash from the reserves for disputed administrative and priority claims. This amount represented certain disputed administrative and priority claims that were resolved in favor of the Company from the Effective Date through March 31, 2012.

Asian Operations

Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of and for the three and six months ended June 30, 2012 and it is no longer reflected as a business segment of continuing operations. See further discussion in the Discontinued Operations section below.

Assets Disposed and Proceeds Collected

The following table presents a summary of assets disposed and proceeds collected from assets of the Capmark Bank and North American Asset Management segments (in thousands, except number of assets):

	Three months ended June 30, 2012					
	Capmark Bank			North American Asset Management		
	Number of assets	Proceeds received	Percentage of 3/31/12 carrying value	Number of assets	Proceeds received	Percentage of 3/31/12 carrying value
Loans held for sale - performing	55	$ 873,531	105%	6	$ 44,173	96%
Loans held for sale - nonperforming	34	449,753	113	8	34,314	133
Real estate acquired through foreclosure	3	33,351	106	6	46,993	112
Total	92	$ 1,356,635	108%	20	$ 125,480	110%

	Six months ended June 30, 2012					
	Capmark Bank			North American Asset Management		
	Number of assets	Proceeds received	Percentage of prior quarter carrying value (1)	Number of assets	Proceeds received	Percentage of prior quarter carrying value (1)
Loans held for sale - performing	71	$ 1,192,060	104%	8	$ 66,934	93%
Loans held for sale - nonperforming	38	513,651	112	12	64,711	124
Real estate acquired through foreclosure	12	103,850	104	7	48,944	113
Equity investments in real estate acquired through foreclosure	—	—	—	2	3,406	184
Total	121	$ 1,809,561	106%	29	$ 183,995	109%

Notes:

(1) Aggregate percentage of the carrying value of each asset in the quarter prior to the disposal of the asset.

In the three months ended June 30, 2012, Capmark Bank collected $37.5 million and the North American Asset Management segment collected $4.4 million of payments on assets which they continue to hold. In the six months ended June 30, 2012, Capmark Bank collected $80.2 million and the North American Asset Management segment collected $8.8 million of payments on assets which they continue to hold. The Real Estate Investment Funds segment did not sell any assets during the three and six months ended June 30, 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. Four additional sales of assets for an aggregate amount of $25.0 million closed in the six months ended June 30, 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.

In the second quarter of 2012, management committed to a business plan to liquidate the remaining real estate assets in the Asian Operations segment. The real estate assets are offered for sale in their current condition at prices that are considered reasonable in relation to the estimated fair value. Sales of the related assets are expected to be completed no later than June 30, 2013. The Japanese Settlement Agreement governs the remaining distributions to the Japanese Lenders for the proceeds associated with certain assets of the former Asian Operations segment.

The aggregate carrying value, excluding cash, cash equivalents and restricted cash, in the former Asian Operations segment was $136.8 million for 13 real estate investments as of June 30, 2012 compared to $238.2 million for 24 real estate investments as of December 31, 2011. As of June 30, 2012, these assets primarily consisted of (i) $117.7 million of real estate equity investments and (ii) a $16.7 million loan held for sale that has been deemed to be an in-substance 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.

For the three months ended June 30, 2012, the former Asian Operations segment sold 6 assets for $42.5 million of proceeds which was 131% of the March 31, 2012 carrying value. For the six months ended June 30, 2012, the former Asian Operations segment sold 11 assets for $99.9 million of proceeds which was 117% of the prior quarter carrying value.

The Company's consolidated balance sheet included $422.3 million and $381.9 million of assets and $158.4 million and $177.8 million of liabilities associated with discontinued operations as of June 30, 2012 and December 31, 2011, respectively. In addition, $68.6 million and $165.8 million of noncontrolling interests included in total equity as of June 30, 2012 and December 31, 2011, respectively, 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 increase in assets of discontinued operations and liabilities of discontinued operations as of June 30, 2012 compared to December 31, 2011 was due to the determination that the Asian Operations segment was a discontinued operation during the three months ended June 30, 2012. The decrease in noncontrolling interests associated with discontinued operations in the three and six months ended June 30, 2012 was due to the sale of assets associated with the LIHTC business 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 (in thousands):

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	Capmark Bank	Non–Capmark Bank	Consolidated	Capmark Bank	Non–Capmark Bank	Consolidated
Interest income	$ 26,548	$ 6,035	$ 32,583	$ 57,549	$ 13,307	$ 70,856
Interest expense	4,685	14,984	19,669	10,139	29,530	39,669
Net interest income	21,863	(8,949)	12,914	47,410	(16,223)	31,187
Noninterest income	95,512	22,689	118,201	109,828	26,589	136,417
Net revenue	117,375	13,740	131,115	157,238	10,366	167,604
Noninterest expense	15,132	14,931	30,063	29,823	29,800	59,623
Income (loss) from continuing operations before income taxes	102,243	(1,191)	101,052	127,415	(19,434)	107,981
Income tax provision (benefit)	55	(900)	(845)	735	(1,924)	(1,189)
Income (loss) from continuing operations after income taxes	102,188	(291)	101,897	126,680	(17,510)	109,170
Loss from discontinued operations, net of tax	—	(2,433)	(2,433)	—	(13,652)	(13,652)
Net income (loss)	102,188	(2,724)	99,464	126,680	(31,162)	95,518
Plus: Net loss attributable to noncontrolling interests	—	11,296	11,296	—	38,243	38,243
Net income attributable to Capmark Financial Group Inc.	$ 102,188	$ 8,572	$ 110,760	$ 126,680	$ 7,081	$ 133,761

Capmark Bank

The income from continuing operations before income taxes of $102.2 million for Capmark Bank in the three months ended June 30, 2012 was primarily due to $101.7 million of net gains on loans and $26.5 million of interest income primarily from loans held for sale, partially offset by $15.1 million of noninterest expense. Net gains on loans of $101.7 million included $80.6 million of realized gains on full or partial dispositions of loans held for sale and $21.1 million of recapture of losses from the application of LOCOM to loans held for sale. The $15.1 million of noninterest expense included $8.3 million of compensation and benefits costs. The $4.7 million of interest expense for Capmark Bank was comprised of $25.5 million of contractual interest expense from deposit liabilities and FHLB borrowings offset by $20.8 million from the accretion of the fresh start accounting premium for the deposit liabilities and FHLB borrowings.

The income from continuing operations before income taxes of $127.4 million for Capmark Bank in the six months ended June 30, 2012 was primarily due to $114.0 million of net gains on loans and $57.5 million of interest income primarily from loans held for sale, partially offset by $29.8 million of noninterest expense. Net gains on loans of $114.0 million included $90.2 million of realized gains on full or partial dispositions of loans held for sale and $23.8 million of recapture of losses from the application of LOCOM to loans held for sale. The $29.8 million of noninterest expense included $15.8 million of compensation and benefits costs. The $10.1 million of interest expense for Capmark Bank was comprised of $57.3 million of contractual interest expense from deposit liabilities and FHLB borrowings offset by $47.2 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 $1.2 million for Non-Capmark Bank in the three months ended June 30, 2012 was primarily due to $15.0 million of interest expense and $14.9 million of noninterest expense, substantially offset by $22.7 million of noninterest income and $6.0 million of interest income on loans held for sale and investment securities available for sale. The $15.0 million of interest expense included $8.6 million of contractual interest expense for the Secured Notes and $4.5 million for the accretion of the fresh start accounting discount for the Secured Notes. The $14.9 million of noninterest expense included $6.9 million of compensation and benefits costs and $6.8 million of professional fees, of which $1.8 million was attributable to fees of restructuring professionals. Noninterest income of $22.7 million primarily included $16.2 million of realized gains on full or partial dispositions of loans held for sale and $5.2 million of gains associated with foreign currency remeasurement adjustments principally associated with former Asian Operations segment.

The loss from continuing operations before income taxes of $19.4 million for Non-Capmark Bank in the six months ended June 30, 2012 was primarily due to $29.8 million of noninterest expense and $29.5 million of interest expense, partially offset by $26.6 million of noninterest income and $13.3 million of interest income on loans held for sale and investment securities available for sale. The $29.8 million of noninterest expense included $14.1 million of compensation and benefits costs and $11.4 million of professional fees, of which $3.0 million was attributable to fees of restructuring professionals. The $29.5 million of interest expense included $21.0 million of contractual interest expense for the Secured Notes and $5.3 million for the accretion of the fresh start accounting discount for the Secured Notes. Noninterest income of $26.6 million primarily included $21.6 million of realized gains on full or partial dispositions of loans held for sale and $5.3 million of gains due to the reduction of the estimate of potential losses on loans held for sale associated with the former new markets tax credit (“NMTC”) program partially offset by $5.1 million of losses from the application of LOCOM to loans held for sale.

Noncontrolling Interests

The net loss attributable to noncontrolling interests of $11.3 million for the three months ended June 30, 2012 and $38.2 million for the six months ended June 30, 2012 was due primarily to the portion of the loss attributable to third party investors in certain LIHTC and NMTC partnerships that are consolidated under applicable accounting guidance.

Noninterest Income

The following table presents the consolidated noninterest income, by category, (in thousands):

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	Capmark Bank	Non–Capmark Bank	Consolidated	Capmark Bank	Non–Capmark Bank	Consolidated
Net gains on loans	$ 101,686	$ 14,893	$ 116,579	$ 113,977	$ 23,883	$ 137,860
Net (losses) gains on investments and real estate(1)	(2,644)	879	(1,765)	(2,832)	(1,732)	(4,564)
Other gains (losses), net(2)	—	5,033	5,033	2,836	(5,621)	(2,785)
Equity in (loss) income of joint ventures and partnerships	(4,988)	1,798	(3,190)	(5,575)	6,016	441
Fee revenue	1,401	(346)	1,055	2,809	123	2,932
Net real estate investment (loss) income(3)	36	(301)	(265)	(1,408)	2,911	1,503
Other income(3)	21	733	754	21	1,009	1,030
Total	$ 95,512	$ 22,689	$ 118,201	$ 109,828	$ 26,589	$ 136,417

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 $101.7 million for the three months ended June 30, 2012 included $80.6 million of realized gains on full or partial dispositions of loans held for sale and $21.1 million of recapture of losses from the application of LOCOM to loans held for sale. Capmark Bank net gains on loans of $114.0 million for the six months ended June 30, 2012 included $90.2 million of realized gains on full or partial dispositions of loans held for sale and $23.8 million of recapture of losses from the application of LOCOM to loans held for sale. Realized gains on full dispositions of loans held for sale in the three and six months ended June 30, 2012 included $54.7 million associated with the sale of a portfolio of loans held for sale to an unaffiliated financial institution. Net losses on investments and real estate and equity in losses of joint ventures and partnerships in the three and six months ended June 30, 2012 was primarily due to decreases in the fair value of assets within entities that hold foreclosed real estate. Other gains, net in the six months ended June 30, 2012 was the result of Capmark Bank's termination of its entire outstanding interest rate derivative contracts with an aggregate notional amount of $1.9 billion in the six months ended June 30, 2012.

Non-Capmark Bank net gains on loans of $14.9 million for the three months ended June 30, 2012 primarily included $16.2 million of realized gains on full or partial dispositions of loans held for sale partially offset by $2.1 million of losses from the application of LOCOM to loans held for sale. Other gains, net primarily included $5.2 million of gains associated with foreign currency remeasurement adjustments principally associated with the former Asian Operations segment. Equity in income of joint ventures and partnerships of $1.8 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.

Non-Capmark Bank net gains on loans of $23.9 million for the six months ended June 30, 2012 primarily included $21.6 million of realized gains on full or partial dispositions of loans held for sale and $5.3 million due to the reduction of the estimate of potential losses on loans held for sale associated with the former NMTC program partially offset by $5.1 million of losses from the application of LOCOM to loans held for sale. Net losses on investments and real estate in the six months ended June 30, 2012 was primarily due to $4.7 million of impairments on investment securities available for sale considered other-than-temporary partially offset by $2.9 million of increases in the fair value of assets within entities that hold foreclosed real estate. Other losses, net primarily included $5.3 million of net losses associated with foreign currency remeasurement adjustments principally associated with the former Asian Operations segment. Equity in income of joint ventures and partnerships of $6.0 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 six months ended June 30, 2012 included $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, (in thousands):

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	Capmark Bank	Non–Capmark Bank	Consolidated	Capmark Bank	Non–Capmark Bank	Consolidated
Compensation and benefits	$ 8,341	$ 6,858	$ 15,199	$ 15,847	$ 14,130	$ 29,977
Professional fees – restructuring professionals	—	1,800	1,800	—	3,046	3,046
Professional fees	1,890	5,008	6,898	3,145	8,355	11,500
Occupancy and equipment	328	652	980	694	1,699	2,393
Loan processing fees	154	1	155	364	1	365
Corporate insurance	83	713	796	188	1,354	1,542
Other expenses(1)	4,336	(101)	4,235	9,585	1,215	10,800
Total	$ 15,132	$ 14,931	$ 30,063	$ 29,823	$ 29,800	$ 59,623

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 June 30, 2012 included $8.8 million of salary and benefits expense and $6.4 million of expense associated with various incentive compensation programs. The $8.8 million of salary and benefits expense included $1.1 million of employee benefits costs and $1.8 million of severance costs associated with the reduction in the number of employees commensurate with ongoing business plans. The $6.4 million of incentive compensation expense included $4.0 million for long term incentive plans, $1.6 million of expense for retention programs and $0.5 million for stock-based compensation expense. The long term incentive plans were established pursuant to the Plan and provide deferred cash payments to certain officers and employees based upon the achievement of a target equity value or based upon the performance of and achievement of specific recovery values for the operational areas. The awards are contractually committed to be measured no later than December 31, 2014 and payable by March 2015. The retention program provides awards of deferred cash compensation and generally entitles the recipient to receive a contractually fixed payment either on a quarterly or annual basis.

Compensation and benefit costs for the six months ended June 30, 2012 included $17.9 million of salary and benefits expense and $12.0 million of expense associated with various incentive compensation programs. The $17.9 million of salary and benefits expense included $3.0 million of employee benefits costs and $2.3 million of severance costs associated with the reduction in the number of employees commensurate with ongoing business plans. The $12.0 million of incentive compensation expense included $6.7 million for long term incentive plans, $3.3 million of expense for retention programs and $0.9 million for stock-based compensation expense.

Professional fees include fees for services of restructuring professionals relating to the administration and resolution of the Plan of $1.8 million for the three months ended June 30, 2012 and $3.0 million for the six months ended June 30, 2012.

Professional fees included $1.0 million of fees for accounting and tax services professionals and $3.3 million of legal fees in the three months ended June 30, 2012. Professional fees also included $0.7 million of management fees paid by consolidated VIEs associated with the Company’s former NMTC program and $0.5 million of success fees payable to third parties associated with the Company’s former NMTC program that are fully offset in interest income.

Professional fees included $1.8 million of fees for accounting and tax services professionals and $4.3 million of legal fees in the six months ended June 30, 2012. Professional fees also included $1.4 million of management fees paid by consolidated VIEs associated with the Company's former NMTC program and $1.3 million of success fees payable to third parties associated with the Company's former NMTC program that are fully offset in interest income.

Other expenses in the three and six months ended June 30, 2012 included the impact of a $1.1 million decrease in the estimate for the payment of certain international taxes.

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 June 30, 2012.

Discontinued Operations

The loss from discontinued operations of $2.4 million for the three months ended June 30, 2012 is primarily due to $8.2 million net loss associated with the LIHTC business platform partially offset by $5.8 million of net income from the former Asian Operations segment. Activity in the LIHTC business platform included $10.5 million of noninterest losses associated with the equity investments. The noninterest losses of the LIHTC business platform are substantially offset by the net loss attributable to noncontrolling interests and have a limited impact on the net loss attributable to the Company. The net income from the former Asian Operations segment is primarily due to realized gains on the sales of real estate assets.

The loss from discontinued operations of $13.7 million for the six months ended June 30, 2012 is primarily due to a $25.7 million net loss associated with the LIHTC business platform partially offset by $12.0 million of net income from the former Asian Operations segment. Activity in the LIHTC business platform included $32.6 million of noninterest losses associated with the equity investments. The noninterest losses of the LIHTC business platform are substantially offset by the net loss attributable to noncontrolling interests and have a limited impact on the net loss attributable to the Company. The net income from the former Asian Operations segment is primarily due to realized gains on the sales of real estate assets and operating income on owned real estate properties.

Liquidity and Capital Resources

As of June 30, 2012, the Company's continuing operations had $3.0 billion in total cash and cash equivalents (including restricted cash), of which $2.8 billion was held by Capmark Bank and $206.1 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	June 30, 2012	December 31, 2011
Capmark Bank:		
Cash and cash equivalents	$ 2,838,382	$ 2,286,889
Non-Capmark Bank:		
Cash and cash equivalents – Asian Operations (1)	—	90,778
Cash and cash equivalents – Other Non-Capmark Bank	141,346	355,749
Cash and cash equivalents – Total Non-Capmark Bank	141,346	446,527
Restricted cash	64,790	129,264
Total cash, cash equivalents and restricted cash attributable to continuing operations	$ 3,044,518	$ 2,862,680

Note:

(1) Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations in the three months ended June 30, 2012 and it is no longer reflected as a business segment of continuing operations. See further discussion in the Consolidated Balance Sheets - Discontinued Operations section above.

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

Restricted Cash	June 30, 2012	December 31, 2011
Cash from consolidated VIEs	$ 46,014	$ 72,626
Secured Notes interest reserve	—	25,000
Bankruptcy disputed administrative, priority and convenience class claims escrow	9,435	18,499
Other	9,341	13,139
Restricted cash from continuing operations	$ 64,790	$ 129,264

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.

In June 2012, two subsidiaries of the Company completed the sale of two portfolios of loans held for sale to an unaffiliated financial institution. The aggregate unpaid principal balance of these two portfolios was approximately $911 million for 54 loans held for sale. The majority of the aggregate portfolio was owned by Capmark Bank.

In late July and early August 2012, Capmark Bank distributed approximately $1.57 billion of assets to Capmark Financial Group Inc. The distribution consisted of loans held for sale, real estate investments and related assets with an aggregate fair value of approximately $1.32 billion and approximately $250 million of cash. The Bank Regulators expressed no objection to the distribution.

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 fully satisfying all obligations under the Secured Notes. The Company also expects that Capmark Bank has 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 has cash and cash equivalents in excess of all of its remaining deposit liabilities and other liabilities as well as its expected operating expenses over the next 12 months. Capmark Bank is prohibited under the cease and desist orders with the FDIC and UDFI 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 Bank Regulators.

The Company is considering making distributions to shareholders of cash in excess of working capital needs. The timing, amount and form of any distribution have not been determined. For U.S. federal income tax purposes, any distribution by the Company to its shareholders will be characterized as a dividend to the extent of the Company's current or cumulative earnings and profits. The Company currently estimates that earnings and profits available for distribution in 2012 will not be significant. Distributions made in excess of earnings and profits are next treated as a return of capital to the extent of the shareholder's basis. The actual amount of the Company's 2012 earnings and profits cannot be determined until the 2012 year is complete, and actual amounts may be significantly different than estimates. If the Company makes a distribution to shareholders in 2012, management intends to communicate information regarding the characterization of the distribution in early 2013. The Company does not provide advice on tax matters to its shareholders or to broker/nominees who hold the Company's shares on behalf of their customers. The information above is provided for information purposes only, is subject to change as more definitive information is obtained by the Company, and does not constitute tax advice. Holders of the Company's common shares and broker/nominees who hold shares on behalf of such holders are strongly urged to consult with their own tax advisors with regard to the U.S. federal income tax consequences of any distribution that may be paid by the Company. This information is not intended to, and cannot, be used by any taxpayer to avoid penalties that may be imposed under U.S. federal income tax law.

Financing Arrangements

The following table presents information concerning the financing arrangements that the Company had in place for its continuing operations as of June 30, 2012 (in thousands):

Financing Arrangements	**Contractual Amount Outstanding**	**Weighted Average Remaining Maturity**
		(months)
Capmark Bank:		
Brokered CDs (1)	$ 2,236,507	13
Institutional time deposits (1)	23,167	4
Total Capmark Bank	2,259,674	13
Non-Capmark Bank:		
Secured Notes (2)	208,790	40
Other borrowings (3)	198,385	N/A
Total Non-Capmark Bank	407,175	40
Total contractual amount outstanding of borrowings and deposit liabilities for continuing operations	$ 2,666,849	15

Notes:

(1) Term to maturity of 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) 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 and Japanese Settlement Agreement 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 $738.8 million and $1.3 billion of Brokered CDs and $78.1 million and $149.8 million of institutional time deposits in the three and six months ended June 30, 2012, respectively.

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. The Company expects to close the transaction in the third quarter of 2012.

Secured Notes

On March 27, 2012, the Company executed a supplemental indenture that permitted the Company to apply all of the $25.0 million held in the interest reserve account held by the Indenture trustee for payment of interest and principal on the Secured Notes, beginning on the May 1, 2012 payment date. The Company utilized all of the interest reserve on the May 1, 2012 payment date.

On August 7, 2012, the Company announced that it has deposited sufficient funds in trust with the trustee under the Indenture to satisfy and discharge the B notes and the Indenture, and the trustee has acknowledged such satisfaction and discharge. Pursuant to the terms of the Indenture, the Company and the Obligors have no further obligations under the Indenture other than the survival of certain customary provisions such as the indemnification of the trustee.

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
Floating rate first lien extendible B notes	125,000	June 29, 2012	Partial
Floating rate first lien extendible B notes	120,445	August 1, 2012	Partial
Floating rate first lien extendible B notes	88,345	September 5, 2012	Full

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.

On June 1, 2012, Capmark Bank repaid the $100.0 million remaining balance of FHLB advances with maturities in December 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 the following payments to the applicable Japanese lenders since December 31, 2011(in thousands):

Effective Payment Date	Aggregate Principal Amount (Yen)	Aggregate Principal Amount (US$)
January 10, 2012	¥ 665,103	$ 8,639
April 6, 2012	1,425,186	17,202
July 9, 2012	1,392,075	17,415

After taking into account the July 9, 2012 payment, the contractual amount owed under the Japanese Settlement Agreement was ¥6.1 billion (approximately $77.7 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 Predecessor CFGI unsecured loans and unsecured notes of $10.1 million on January 20, 2012, $7.1 million on April 16, 2012 and $2.8 million on July 16, 2012. After taking into account the July 16, 2012 payment, the carrying amount of the estimated principal amount expected to be paid under the Crystal Ball Settlement was $1.7 million.

Investment Securities Available for Sale

In the six months ended June 30, 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 at carrying value in aggregate by collateral type (in thousands):

	June 30, 2012					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Hospitality	$ 502,237	41%	$ 103,403	23%	$ 605,640	36%
Healthcare	301,977	25	21,535	5	323,512	20
Office	114,390	9	27,237	6	141,627	9
Retail	31,971	3	103,633	23	135,604	8
Multifamily	99,330	8	21,673	5	121,003	7
Mixed-use and other(1)	165,994	14	167,223	38	333,217	20
Total	$ 1,215,899	100%	$ 444,704	100%	$ 1,660,603	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
Office	422,515	15	83,040	13	505,555	14
Retail	145,764	5	127,169	19	272,933	8
Multifamily	417,830	14	49,855	7	467,685	13
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.

Geographical Diversification of the Company's Loan Portfolio

The following tables summarize the composition of the Company's loans held for sale portfolio at carrying value by geographical location (in thousands):

Location	**June 30, 2012**					
	Capmark Bank		**Non-Capmark Bank**		**Total**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Metropolitan New York	$ 188,208	15%	$ 11,471	3%	$ 199,679	12%
Dallas	79,468	7	33,002	7	112,470	7
Phoenix	7,503	1	104,149	23	111,652	7
Washington, D.C.	98,256	8	9,345	2	107,601	6
Boston	78,443	6	18,766	4	97,209	6
Orlando	89,831	7	—	—	89,831	5
Southern California	59,470	5	5,676	1	65,146	4
Denver	45,098	4	15,889	4	60,987	4
San Francisco	30,029	3	—	—	30,029	2
Houston	27,731	2	—	—	27,731	2
Atlanta	—	—	16,535	4	16,535	1
Chicago	5,279	—	—	—	5,279	—
Other—North America	506,583	42	194,272	44	700,855	42
Europe	—	—	35,599	8	35,599	2
Total	$ 1,215,899	100%	$ 444,704	100%	$1,660,603	100%

Location	**December 31, 2011**					
	Capmark Bank		**Non-Capmark Bank**		**Total**	
	Amount	**Percentage**	**Amount**	**Percentage**	**Amount**	**Percentage**
Metropolitan New York	$ 207,487	7%	$ 11,528	2%	$ 219,015	6%
Dallas	124,227	4	33,001	5	157,228	4
Phoenix	18,876	1	124,345	19	143,221	4
Washington, D.C.	148,078	5	11,836	2	159,914	5
Boston	147,963	5	23,874	4	171,837	5
Orlando	171,142	6	—	—	171,142	5
Southern California	271,110	10	41,007	6	312,117	9
Denver	65,448	2	18,382	3	83,830	2
San Francisco	87,275	3	—	—	87,275	3
Houston	109,081	4	7,543	1	116,624	3
Atlanta	81,319	3	58,213	9	139,532	4
Chicago	295,707	10	2,336	—	298,043	8
Other—North America	1,160,020	40	254,617	38	1,414,637	40
Europe	—	—	66,530	10	66,530	2
Asia	—	—	9,324	1	9,324	—
Total	$ 2,887,733	100%	$ 662,536	100%	$ 3,550,269	100%

The Company's loan portfolio as of June 30, 2012 consists of loans used to finance properties in more than 42 markets, including all of the major metropolitan areas in the United States. The Company's New York concentration currently represents its largest geographic concentration at 12% of its geographical exposure as of June 30, 2012. The portfolio is spread across 124 loans and ten property types, with no one property type within any market comprising more than 8.0% of its total exposure. The Company's exposure in any geographic region is subject to the risk that the performance of the loans in that region could be harmed by an economic slowdown or the occurrence of a catastrophe in the region.

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 at carrying value, including those accounted for as equity investments in entities that hold foreclosed real estate assets, in aggregate by collateral type (in thousands):

	June 30, 2012					
	Capmark Bank		Non-Capmark Bank		Total	
Collateral Type	Amount	Percentage	Amount	Percentage	Amount	Percentage
Office	$ 30,666	25%	$ 76,216	34%	$ 106,882	31%
Retail	26,979	22	21,389	9	48,368	14
Hospitality	13,908	12	31,635	14	45,543	13
Multifamily	7,217	6	8,924	4	16,141	4
Mixed-use and other	42,318	35	88,837	39	131,155	38
Total	$ 121,088	100%	$ 227,001	100%	$ 348,089	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%
Retail	29,080	12	64,419	20	93,499	17
Hospitality	48,183	20	31,634	10	79,817	14
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 at carrying value (in thousands):

	June 30, 2012			December 31, 2011		
	Capmark Bank	Non-Capmark Bank	Total	Capmark Bank	Non-Capmark Bank	Total
Gross principal balance of loans held for sale	$ 229,652	$ 127,121	$356,773	$ 1,086,150	$ 267,050	$ 1,353,200
Historical basis and fresh start adjustments (1)	(98,123)	(34,647)	(132,770)	(348,013)	(119,733)	(467,746)
Basis and other adjustments (2)	(15,739)	(6,014)	(21,753)	(23,014)	(5,480)	(28,494)
Carrying value of non-performing loans held for sale	$ 115,790	$ 86,460	$ 202,250	$ 715,123	$ 141,837	$ 856,960
Carrying value as a percentage of loans held for sale (3)	9.5%	31.5%	13.6%	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 LOCOM subsequent to the Effective Date.

(3) Calculation excludes $161.9 million and $211.7 million of loans held for sale as of June 30, 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):

	June 30, 2012			December 31, 2011		
	Capmark Bank	**Non-Capmark Bank**	**Total**	**Capmark Bank**	**Non-Capmark Bank**	**Total**
Basis in REO (1)	$ 137,997	$ 230,568	$ 368,565	$ 245,900	$ 320,592	$ 566,492
LOCOM and other adjustments (2)	(16,909)	(3,567)	(20,476)	(8,643)	(2,527)	(11,170)
Carrying value of REO	$ 121,088	$ 227,001	$ 348,089	$ 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 LOCOM. 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)

	June 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents (1)	$ 2,979,728	$ 2,733,416
Restricted cash (1)	64,790	129,264
Accounts and other receivables (1)	134,101	106,888
Investment securities available for sale	20,073	595,647
Loans held for sale (1)	1,660,603	3,550,269
Real estate investments (1)	300,406	672,660
Equity investments	313,043	322,600
Other assets (1)	29,178	106,112
Assets of discontinued operations (1)	422,301	381,946
Total assets	$ 5,924,223	$ 8,598,802
Liabilities and Equity		
Liabilities:		
Debt	$ 208,392	$ 807,869
Other borrowings (1)	198,385	652,598
Deposit liabilities	2,335,785	3,860,332
Other liabilities (1)	151,290	261,813
Liabilities of discontinued operations (1)	158,447	177,796
Total liabilities	3,052,299	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 June 30, 2012 and December 31, 2011	100	100
Capital paid in excess of par value	2,693,502	2,692,602
Retained earnings (accumulated deficit)	102,110	(31,651)
Accumulated other comprehensive (loss) income, net of tax	(3,439)	(1,617)
Total Capmark Financial Group Inc. stockholders' equity	2,792,273	2,659,434
Noncontrolling interests	79,651	178,960
Total equity	2,871,924	2,838,394
Total liabilities and equity	$ 5,924,223	$ 8,598,802

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

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(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.

	June 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents	$ —	$ 2,949
Restricted cash	46,014	72,626
Accounts and other receivables	550	4,757
Loans held for sale	228,560	266,779
Real estate investments	55,428	115,850
Other assets	1,171	3,362
Assets of discontinued operations	108,888	240,062
Total assets	$ 440,611	$ 706,385

	June 30, 2012	December 31, 2011
Liabilities		
Other borrowings	$ 6,505	$ 6,079
Other liabilities	4,174	12,315
Liabilities of discontinued operations	23,578	73,482
Total liabilities	$ 34,257	$ 91,876

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

	Three months ended June 30, 2012	Six months ended June 30, 2012
Net Interest Income		
Interest income	$ 32,583	$ 70,856
Interest expense	19,669	39,669
Net interest income	12,914	31,187
Noninterest Income		
Net gains on loans	116,579	137,860
Net gains on investments and real estate	(1,765)	(4,564)
Other losses, net	5,033	(2,785)
Equity in income of joint ventures and partnerships	(3,190)	441
Fee revenue	1,055	2,932
Net real estate investment and other income	489	2,533
Total noninterest income	118,201	136,417
Net revenue	131,115	167,604
Noninterest Expense		
Compensation and benefits	15,199	29,977
Professional fees	8,698	14,546
Occupancy and equipment	980	2,393
Other expenses	5,186	12,707
Total noninterest expense	30,063	59,623
Income from continuing operations before income tax benefit	101,052	107,981
Income tax benefit	(845)	(1,189)
Income from continuing operations after income tax benefit	101,897	109,170
Loss from discontinued operations, net of tax (includes gain on sale of $13.3 million for the three months and $25.8 million for the six months)	(2,433)	(13,652)
Net loss	99,464	95,518
Plus: Net loss attributable to noncontrolling interests	11,296	38,243
Net income attributable to Capmark Financial Group Inc.	$ 110,760	$ 133,761
Other comprehensive income (loss)	1,510	(1,822)
Comprehensive income attributable to Capmark Financial Group Inc.	$ 112,270	$ 131,939
Basic income from continuing operations per share	$ 1.14	$ 1.48
Diluted income from continuing operations per share	1.13	1.48
Basic and diluted net income per share attributable to Capmark Financial Group Inc.	1.11	1.34

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)

	Six months ended June 30, 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	900
Balance at end of period	2,693,502
Retained Earnings (Accumulated Deficit)	
Balance at beginning of period	(31,651)
Net income attributable to Capmark Financial Group Inc.	133,761
Balance at end of period	102,110
Accumulated Other Comprehensive (Loss) Income, net of tax	
Balance at beginning of period	(1,617)
Other comprehensive (loss) income	(1,822)
Balance at end of period	(3,439)
Total Capmark Financial Group Inc. Stockholders' Equity	2,792,273
Noncontrolling Interests	
Balance at beginning of period	178,960
Net loss attributable to noncontrolling interests	(38,243)
Other comprehensive (loss) income attributable to noncontrolling interests	—
Other (includes impact of sale of discontinued operations assets)	(61,066)
Balance at end of period	79,651
Total Equity	$ 2,871,924

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

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

	Six months ended June 30, 2012
Net Cash Provided By Operating Activities of Continuing Operations	$ 1,981,255
Investing Activities of Continuing Operations	
Net decrease in restricted cash	64,474
Proceeds from sales of investment securities classified as available for sale	4,058
Repayments of investment securities classified as available for sale	569,629
Proceeds from sales of real estate investments	152,033
Proceeds from sales of/capital distributions from equity investments	11,841
Other investing activities, net	(677)
Net cash provided by investing activities of continuing operations	801,358
Financing Activities of Continuing Operations	
Repayments of debt	(530,169)
Repayments of other borrowings	(405,969)
Decrease in deposit liabilities	(1,477,872)
Net cash used in financing activities of continuing operations	(2,414,010)
Effect of Foreign Exchange Rates on Cash	(579)
Discontinued Operations	
Net cash used in operating activities of discontinued operations	(11,080)
Net decrease in restricted cash of discontinued operations	(26,869)
Net cash provided by other investing activities of discontinued operations	31,430
Net cash used in financing activities of discontinued operations	(25,833)
Net increase in Cash and Cash Equivalents	335,672
Cash and Cash Equivalents, Beginning of Period(1)	2,737,811
Cash and Cash Equivalents, End of Period(2)	$ 3,073,483

Supplemental Disclosures of Cash Flow Information:

Income taxes refunded, net	$ 9,247
Interest paid	95,535

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 $142.1 million from continuing and discontinued operations and include non-restricted cash of discontinued operations of $93.8 million, respectively as of June 30, 2012.

NOTES TO FINANCIAL STATEMENTS

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 located 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 thirteen Debtors which remained in bankruptcy as of June 30, 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 were 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.

Certain prior period amounts have been reclassified to conform to the current period’s presentation.

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 June 30, 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.

In July 2012, the FASB issued ASU 2012-02, *Intangibles – Goodwill and Other (Topic 350): Testing Indefinite-Live Intangible Assets for Impairment* ("ASU 2012-02"). The update provides entities with the option to use a qualitative approach to assess the impairment of an indefinite-lived intangible asset. Under that approach, an entity would qualitatively assess whether existing events or circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired. The more-likely-than-not threshold refers to a likelihood that is more than 50 percent. An entity would not be required to perform a quantitative impairment test to compare the fair value of the asset with its carrying value if, after assessing the totality of relevant events and circumstances, management determines that it is not more likely than not that the indefinite-lived intangible asset is impaired. The update is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. The adoption of the guidance in ASU 2012-02 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):

	June 30, 2012				December 31, 2011			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
GSE securities	$ 4,398	$ 96	$ —	$ 4,494	$ 323,905	$ 123	$ —	$ 324,028
Commercial paper	—	—	—	—	249,865	5	—	249,870
Other securities	11,982	3,597	—	15,579	20,639	1,110	—	21,749
Total	$ 16,380	$ 3,693	$ —	$ 20,073	$ 594,409	$ 1,238	$ —	$ 595,647

The Company received proceeds of $4.1 million and realized $0.1 million of gross gains on the sale of an investment security available for sale for the three and six months ended June 30, 2012. Gains and losses are recorded as a component of net (losses) gains on investments and real estate on the consolidated statement of operations. The Company also had $569.6 million of debt securities that reached maturity or were redeemed in the six months ended June 30, 2012.

The following table summarizes the maturities of debt securities classified as available for sale as of June 30, 2012 (in thousands):

	Amortized cost
Due in one year or less	$ 125
Due after one year through five years	4,290
Due after five years through ten years	5,303
Due after ten years	6,662
Total	$ 16,380

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):

	June 30, 2012		December 31, 2011	
Collateral type	Carrying amount	Percent of portfolio	Carrying amount	Percent of portfolio
Hospitality	$ 605,640	36%	$ 1,089,273	31%
Healthcare	323,512	20	600,070	17
Office	141,627	9	505,555	14
Retail	135,604	8	272,933	8
Multifamily	121,003	7	467,685	13
Mixed-use and other(1)	333,217	20	614,753	17
Total	$ 1,660,603	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 following table summarizes the composition of the Company's loans held for sale by geographical location (in thousands):

	June 30, 2012		December 31, 2011	
Location	Carrying amount	Percentage of portfolio	Carrying amount	Percentage of portfolio
Metropolitan New York	$ 199,679	12%	$ 219,015	6%
Dallas	112,470	7	157,228	4
Phoenix	111,652	7	143,221	4
Washington, D.C.	107,601	6	159,914	5
Boston	97,209	6	171,837	5
Orlando	89,831	5	171,142	5
Southern California	65,146	4	312,117	9
Denver	60,987	4	83,830	2
San Francisco	30,029	2	87,275	3
Houston	27,731	2	116,624	3
Atlanta	16,535	1	139,532	4
Chicago	5,279	—	298,043	8
Other—North America	700,855	42	1,414,637	40
Europe	35,599	2	66,530	2
Asia	—	—	9,324	—
Total	$ 1,660,603	100%	$ 3,550,269	100%

The Company had $202.3 million and $857.0 million of loans held for sale on nonaccrual status as of June 30, 2012 and December 31, 2011, respectively. The Company transferred $17.2 million of loans held for sale to real estate acquired through foreclosure in the three and six months ended June 30, 2012.

In June 2012, two subsidiaries of the Company completed the sale of two portfolios of loans held for sale to an unaffiliated financial institution. The aggregate unpaid principal balance of these portfolios was approximately $911 million for 54 loans held for sale. Approximately 97% of the aggregate portfolio was owned by Capmark Bank. The Company recognized a pre-tax gain on sale of approximately $53.1 million in the three and six months ended June 30, 2012. The gain was recorded as a component of net gains on loans on the consolidated statement of operations.

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):

	June 30, 2012		December 31, 2011		
	North America	Total	North America	Asia	Total
Acquired through foreclosure	$ 300,406	$ 300,406	$ 450,169	$ 51,431	$ 501,600
Held for sale	—	—	—	118,976	118,976
Held for investment, net of depreciation	—	—	—	52,084	52,084
Total	$ 300,406	$ 300,406	$ 450,169	$ 222,491	$ 672,660

Real estate acquired through foreclosure included two assets classified as in-substance foreclosure totaling $10.2 million as of June 30, 2012. See Note 10 for further information on the former Asian Operations segment included in discontinued operations as of June 30, 2012.

6. Equity Investments

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

	June 30, 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	$ 196,326	63%	$ 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	47,683	15	53,722	17
Investments in real estate projects, joint ventures and real estate equity investment funds in Europe	6,124	2	8,559	3
Other	4,931	2	8,120	2
Total	$ 313,043	100%	$ 322,600	100%

7. Debt and Other Borrowings

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

	June 30, 2012		December 31, 2011	
	Carrying amount	Contractual amount	Carrying amount	Contractual amount
Secured notes	$ 208,392	$ 208,790	$ 733,246	$ 738,959
Japanese settlement agreement	—	—	74,623	110,850
Total debt	208,392	208,790	807,869	849,809
FHLB borrowings	—	—	393,795	391,069
Other borrowings	198,385	198,385	258,803	258,803
Total other borrowings	198,385	198,385	652,598	649,872
Total	$ 406,777	$ 407,175	$ 1,460,467	$ 1,499,681

Secured Notes

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

	Aggregate Principal Amount	Funding Date of Payment	Effective Payment Date	Type of Redemption
Floating rate first lien A notes	$ 238,959	January 31, 2012	February 1, 2012	Full
Floating rate first lien extendible B notes	24,966	January 31, 2012	February 1, 2012	Partial
Floating rate first lien extendible B notes	141,243	April 30, 2012	May 1, 2012	Partial
Floating rate first lien extendible B notes	125,000	June 28, 2012	June 29, 2012	Partial

See Note 16 for further information on redemptions made after June 30, 2012.

On March 27, 2012, the Company executed a supplemental indenture that permitted the Company to apply all of the $25.0 million held in the interest reserve account held by the indenture trustee for payment of interest and principal on the Secured Notes, beginning on the May 1, 2012 payment date. The Company utilized all of the interest reserve 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 June 30, 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 and ¥1.4 billion (approximately $17.2 million) on April 6, 2012. See Note 10 for further information on the Japanese Settlement Agreement included in discontinued operations as of June 30, 2012. See Note 16 for further information on payments made after June 30, 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. On June 1, 2012, Capmark Bank repaid the $100.0 million remaining balance of FHLB advances with maturities in December 2013.

Maturities

The following table reflects the scheduled contractual maturity of the Company's borrowings as of June 30, 2012 through June 30 of each year indicated in the table assuming that no early redemptions will occur. The actual payment of secured borrowings may vary based on the payment activity of the related secured assets (in thousands):

2013	$ 15,867
2014	67,192
2015	40,066
2016	261,071
2017	22,979
Total debt and other borrowings	$ 407,175

Pledged Assets

The Secured Notes were 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. See Note 16 for further information on the release of the pledged assets after June 30, 2012.

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)					
	June 30, 2012			December 31, 2011		
	FHLB Borrowings	Other Secured Borrowings	Total	FHLB Borrowings	Other Secured Borrowings	Total
Restricted cash	$ —	$ 35,466	$ 35,466	$ —	$ 64,277	$ 64,277
Investment securities available for sale	3,431	—	3,431	322,550	—	322,550
Loans held for sale	—	161,880	161,880	252,672	211,732	464,404
Real estate investments	—	14,549	14,549	—	14,549	14,549
Total assets pledged as collateral (1)	$ 3,431	$ 211,895	$ 215,326	$ 575,222	$ 290,558	$ 865,780
Related secured borrowings	$ —	$ 195,989	$ 195,989	$ 393,795	$ 256,637	$ 650,432

Note:

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

8. Deposit Liabilities

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

	June 30, 2012		December 31, 2011	
	Carrying value	Contractual amount	Carrying value	Contractual amount
Brokered certificates of deposit	$ 2,312,571	$ 2,236,507	$ 3,687,037	$ 3,564,617
Institutional time deposits	23,214	23,167	173,295	172,929
Total	$ 2,335,785	$ 2,259,674	$ 3,860,332	$ 3,737,546

On April 25, 2012, Capmark Bank entered into a definitive agreement pursuant to which another Federal Deposit Insurance Corporation ("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.

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 and six months ended June 30, 2012. In the six months ended June 30, 2012, the Company is no longer consolidating three real estate investment borrower special entities and two NMTC funds 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):

	June 30, 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	46,014	—	46,014	72,626	—	72,626
Accounts and other receivables	550	—	550	1,557	3,200	4,757
Loans held for sale	228,560	—	228,560	266,779	—	266,779
Real estate investments	45,268	10,160	55,428	39,137	76,713	115,850
Other assets	1,171	—	1,171	1,442	1,920	3,362
Total assets (1)	321,563	10,160	331,723	$ 381,541	$ 84,782	$ 466,323
Other borrowings	6,505	—	6,505	6,079	—	6,079
Other liabilities	4,027	147	4,174	5,076	7,239	12,315
Total liabilities (1)	$ 10,532	$ 147	$ 10,679	$ 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 June 30, 2012							
Loans held for sale	$ 976,917	$ 424,890	$ —	$ 383	$ 423,769	$ 1,121	$ 425,273
NMTC funds	149,369	136,856	—	—	109,226	27,630	136,856
Collateralized debt obligations	375,840	807	—	—	807	—	807
CMBS securitization trusts	2,170,614	5,070	—	—	5,070	—	5,070
Total	$ 3,672,740	$ 567,623	$ —	$ 383	$ 538,872	$ 28,751	$ 568,006
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 June 30, 2012 include $108.9 million of assets and $23.6 million of liabilities, respectively, for 15 guaranteed upper-tier tax credit funds and lower-tier operating partnerships, 1 real estate investment and 2 property operating companies related to owned real estate investments. All of these entities constitute 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 78 and 179 non-consolidated VIEs for lower-tier operating partnerships was $61.9 million and $150.4 million as of June 30, 2012 and December 31, 2011, respectively. The lower-tier operating partnerships included in discontinued operations had underlying assets of $1.0 billion and $2.2 billion as of June 30, 2012 and December 31, 2011, respectively. The Company's discontinued operations had a maximum exposure to loss of $244.8 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 June 30, 2012 and December 31, 2011, respectively. See Note 10 for a discussion of Discontinued Operations.

10. Discontinued Operations

LIHTC Business

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. Four additional asset sales for an aggregate sale amount of $25.0 million closed in the six months ended June 30, 2012.

Asian Operations

In the second quarter of 2012, management committed to a business plan to liquidate the remaining real estate assets in the Asian Operations segment. The real estate assets are offered for sale in their current condition at prices that are considered reasonable in relation to the estimated fair value. Sales of the related assets are expected to be completed no later than June 30, 2013.

The Japanese Settlement Agreement governs the remaining distributions to the Japanese Lenders of the proceeds associated with certain assets of the former Asian Operations segment. At June 30, 2012, the contractual amount owed under the Japanese Settlement Agreement was approximately $85.0 million (¥6.4 billion) and the carrying value was $55.2 million. See Note 16 for further information on distributions made in accordance with the Japanese Settlement Agreement after June 30, 2012.

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

	June 30, 2012	December 31, 2011
Cash and cash equivalents	$ 93,755	$ 4,395
Restricted cash	77,346	103,395
Accounts and other receivables	1,935	—
Investment securities	26,573	30,630
Loans held for sale	593	4,044
Real estate investments	156,983	81,318
Equity investments	61,520	150,243
Other assets	3,596	7,921
Total assets of discontinued operations	422,301	$ 381,946
Debt	55,224	—
Other borrowings	19,617	54,948
Other liabilities	83,606	122,848
Total liabilities of discontinued operations	$ 158,447	$ 177,796

As of June 30, 2012, assets of discontinued operations included $187.2 million associated with the LIHTC business and $235.1 million associated with the former Asian Operations segment. Liabilities of discontinued operations included $93.9 million associated with the LIHTC business and $64.6 million associated with the former Asian Operations segment.

In addition, $68.6 million and $165.8 million of noncontrolling interests as of June 30, 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 primarily with LIHTC business portion of 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 June 30, 2012
Accounts receivable	$ —	$ —	$ 3,653	$ —	$ 3,653
Investment securities available for sale:					
GSE securities	—	4,494	—	—	4,494
Other securities	—	8,768	6,811	—	15,579
Derivative assets:					
Interest rate contracts	—	3,060	—	—	3,060
Total assets measured at fair value on a recurring basis	$ —	$ 16,322	$ 10,464	$ —	$ 26,786

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 and six months ended June 30, 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 and six months ended June 30, 2012 (in thousands):

	Three months ended June 30, 2012			Six months ended June 30, 2012		
	Accounts Receivable	Investment Securities Available for Sale	Total	Accounts Receivable	Investment Securities Available for Sale	Total
Beginning balance	$ 3,653	$ 8,314	$ 11,967	$ 3,653	$ 13,112	$ 16,765
Purchases, issuances, sales and settlements:						
Purchases	—	—	—	—	—	—
Issuances	—	—	—	—	—	—
Sales	—	(4,058)	(4,058)	—	(4,058)	(4,058)
Settlements	—			—		
Total net realized/unrealized losses:						
Included in earnings	—	(67)	(67)	—	(4,564)	(4,564)
Included in other comprehensive income (loss)	—	2,622	2,622	—	2,321	2,321
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Ending balance as of June 30, 2012	$ 3,653	$ 6,811	$ 10,464	$ 3,653	$ 6,811	$ 10,464
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 June 30, 2012	$ —	$ (136)	$ (136)	$ —	$ (4,741)	$ (4,741)

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 June 30, 2012 and December 31, 2011 and any impairments recognized for the three and six 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 June 30, 2012	Total losses, net for the three months ended June 30, 2012	Total losses, net for the six months ended June 30, 2012
Loans held for sale	$ —	$ —	$ 357,566	$ 357,566	$ (3,572)	$ (4,627)
Real estate acquired through foreclosure	—	—	38,230	38,230	(5,207)	(7,418)

	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):

		June 30, 2012		December 31, 2011	
	Fair Value Hierarchy Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets:					
Cash and cash equivalents	Level 1	$2,979,728	$2,979,728	$ 2,733,416	$ 2,733,416
Restricted cash	Level 1	64,790	64,790	129,264	129,264
Accounts and other receivables	(1)	134,101	134,101	106,888	106,888
Investment securities available for sale	(2)	20,073	20,073	595,647	595,647
Loans held for sale	Level 3	1,660,603	1,714,504	3,550,269	3,615,981
Derivative assets	Level 2	3,060	3,060	57,809	57,809
Financial Liabilities:					
Debt	Level 1	208,392	209,444	807,869	826,503
Other borrowings	Level 2	198,385	198,385	652,598	653,150
Deposit liabilities	Level 2	2,335,785	2,344,621	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) Investment securities available for sale are 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, its current and former officers, directors and employees (collectively, the "Capmark Parties") may be subject to potential liability under laws and government regulations, and various pre and post-petition claims, as applicable and other legal actions that are pending or may be asserted against it. Certain of these actions and proceedings may include claims for damages or for injunction relief. The Capmark Parties may also be subject to governmental and regulatory examinations, information requests, investigations and proceedings, certain of which may result in settlements, fines, penalties, or other relief. In addition, the Capmark Parties also receive numerous requests, subpoenas and orders seeking documents, testimony and other information in connection with various aspects of their pre and post-petition businesses.

As of June 30, 2012, after consultation with counsel and based on current knowledge, 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 with respect to these matters 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 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.

In late July and early August 2012, Capmark Bank distributed approximately $1.57 billion of assets to Capmark Financial Group Inc., which included substantially all of its loans and commercial real estate assets. The Bank Regulators expressed no objection to the distribution. Subsequent to the distribution, Capmark Bank plans to limit its activities to the repayment of its deposits and other liabilities and the management of the Bank's remaining operations, including the payment of liabilities when due, the timely submission of required regulatory filings, and compliance with applicable regulations. See Note 16 for further information on the distribution.

Capmark Bank intends to seek permission to make additional distributions of excess capital to Capmark Financial Group Inc. Any future distributions or dividends will require the prior written consent of the Bank Regulators.

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"	June 30, 2012	December 31, 2011
Tier 1 leverage ratio	5.0%	41.0%	29.3%
Tier 1 risk-based capital ratio	6.0%	133.9%	53.8%
Total risk-based capital ratio	10.0%	133.9%	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 June 30, 2012	Six months ended June 30, 2012
Income from continuing operations after income taxes	$ 101,897	$ 109,170
Plus: Net loss attributable to noncontrolling interests	11,296	38,243
Income from continuing operations	113,193	147,413
Income (loss) from discontinued operations, net	(2,433)	(13,652)
Net income attributable to Capmark Financial Group Inc.	110,760	133,761
Basic income per share from continuing operations	$ 1.14	$ 1.48
Diluted income per share from continuing operations	1.13	1.48
Basic income (loss) per share from discontinued operations	(0.02)	(0.14)
Diluted income (loss) per share from discontinued operations	(0.02)	(0.14)
Basic net income per share attributable to Capmark Financial Group Inc.	1.11	1.34
Diluted net income per share attributable to Capmark Financial Group Inc.	1.11	1.34
Basic weighted average shares outstanding	99,594	99,594
Effect of dilutive shares for nonvested shares	168	140
Diluted weighted average shares outstanding	99,762	99,734

15. Segment Information

The Company's business segments are separately managed and consider the type and the regulated nature of business conducted. The Company's continuing operations have three reportable business segments: Capmark Bank, North American Asset Management and Real Estate Investment Funds. Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations in the three months ended June 30, 2012 and it is no longer reflected as a business segment of continuing operations.

The following tables summarize the financial results of the continuing operations for the Company's business segments (in thousands):

	Segments				
	Capmark Bank	North American Asset Management	Real Estate Investment Funds	Corporate and Other	Three months ended June 30, 2012
Net interest income	$ 21,863	$ 3,886	$ 3	$ (12,838)	$ 12,914
Noninterest income	95,512	11,980	3,254	7,455	118,201
Total net revenue	117,375	15,866	3,257	(5,383)	131,115
Noninterest expense	15,132	4,034	110	10,787	30,063
Income (loss) before income taxes	$ 102,243	$ 11,832	$ 3,147	$ (16,170)	$ 101,052
Net loss attributable to noncontrolling interests	$ —	$ 731	$ —	$ 10,565	$ 11,296

	Segments				
	Capmark Bank	North American Asset Management	Real Estate Investment Funds	Corporate and Other	Six months ended June 30, 2012
Net interest income	$ 47,410	$ 7,992	$ 3	$ (24,218)	$ 31,187
Noninterest income	109,828	29,909	6,533	(9,853)	136,417
Total net revenue	157,238	37,901	6,536	(34,071)	167,604
Noninterest expense	29,823	8,011	322	21,467	59,623
Income (loss) before income taxes	$ 127,415	$ 29,890	$ 6,214	$ (55,538)	$ 107,981
Net loss attributable to noncontrolling interests	$ —	$ 2,041	$ —	$ 36,202	$ 38,243

16. Subsequent Events

Subsequent events were evaluated through August 14, 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 $17.5 million) payment to the Japanese Lenders on July 9, 2012.

- In accordance with the Crystal Ball Settlement referred to in Section 4.10 of the Plan, Crystal Ball Holding of Bermuda Limited made a $2.8 million payment on July 16, 2012.

- In July 2012, as part of the supplemental distribution required under the Plan, (1) $2.7 million in cash; (2) $0.3 million of floating rate first lien extendible B notes; and (3) 177 thousand shares of Common Stock deposited with the disbursing agent for the benefit of holders of general unsecured claims became available for redistribution to the holders of the general unsecured creditors in accordance with the Plan. This reflects amounts for claims that were dismissed, allowed and settled for less than the claim amount during the six months ended June 30, 2012 and were therefore reallocated and disbursed to the other general unsecured creditors in accordance with the Plan.

- In late July and early August 2012, Capmark Bank distributed approximately $1.57 billion of assets to Capmark Financial Group Inc. The distribution consisted of loans held for sale, real estate investments and related assets with an aggregate fair value of approximately $1.32 billion and approximately $250 million of cash. After giving effect to the distribution, Capmark Bank had stockholders' equity of approximately $400 million and its remaining assets consisted primarily of cash.

- The Company funded a $120.4 million redemption of the floating rate first lien extendible B notes on July 31, 2012. The Company will be making an optional redemption of the remaining outstanding balance of the floating rate first lien extendible B notes on September 5, 2012. Pursuant to the terms of the indenture governing the Secured Notes, the Company elected to discharge the indenture and deposited approximately $89.1 million with the indenture trustee on August 7, 2012. Following the discharge, the Company and the Obligors have no further obligations under the Indenture other than the survival of certain customary provisions such as the indemnification of the trustee.

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.