Capmark Financial Group Inc.
Report as of and for the periods ended
December 31, 2012 and December 31, 2011

FINANCIAL INFORMATION

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

CAPMARK FINANCIAL GROUP INC.

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CAPMARK FINANCIAL GROUP INC.
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FORWARD-LOOKING STATEMENTS

This 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 Capmark Financial Group Inc.'s (together with its consolidated subsidiaries, "CFGI") 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 CFGI'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 CFGI's control and may cause actual results and performance to differ materially from CFGI's expectations.

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

Accordingly, you should not place undue reliance on the forward-looking statements contained in this Report. These forward-looking statements are made only as of the date of this 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.

BUSINESS

The Company

Capmark Financial Group Inc., together with its consolidated subsidiaries, is a real estate finance company focused on the management of its commercial real estate-related assets and businesses. Through the Company's operating subsidiaries, it conducts its business primarily in North America. As of December 31, 2012, the Company had approximately 90 employees located in 4 offices in the United States and one office in Japan. The Company expects to have approximately 70 employees as of April 1, 2013.

In 2009 and 2010, 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 (the "Debtors") filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware ("Bankruptcy Court"). Certain of the Debtors, including Capmark Financial Group Inc. (Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as "Successor CFGI" or "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 is effective for fourteen of the Debtors (the "Reorganized Debtors"), however, there were twelve Debtors which remained in bankruptcy as of December 31, 2012. The remaining Debtors are primarily managing member entities associated with the Company's low-income housing tax credit ("LIHTC") business.

CFGI continues to exist as the parent holding company. The term "Company" refers to CFGI and its consolidated subsidiaries, except where it is clear that the term means only the parent company, Capmark Financial Group Inc. without consolidated subsidiaries.

The Company's business plan is primarily focused on the management of its existing assets and businesses, with a view towards achieving its main objective of maximizing value for its shareholders. In connection with these activities, the Company may, among other things, sell its assets, foreclose upon the collateral securing loans, extend or modify loans, make investments in properties that are currently owned or may be acquired in the future and/or advance funds to existing borrowers.

Executive Business Summary

In 2012, the Company made significant progress in monetizing its assets, repaying debt, streamlining its operations and distributing cash to shareholders. Total monetization proceeds, debt repayments and shareholder distributions were all in excess of the amounts originally projected for 2012 in the financial projections distributed in connection with the Plan.

Highlights for 2012 were:

- The Company realized total proceeds of $3.8 billion from the monetization of loan and REO assets, including the completion of three portfolio sale transactions.
- The Company achieved consolidated net gains on loans, investments and real estate of $168 million.
- The Company completed the sale of its remaining real estate assets in Japan.
- The Company substantially reduced total assets to $2.9 billion at year end 2012 as compared to $8.6 billion at year end 2011, primarily as a result of asset dispositions, debt repayments and shareholder distributions. Year end 2012 assets included $592 million of loans, $195 million of real estate and $1.48 billion of cash (most of which was held by Capmark Bank).
- The Company received asset distributions from Capmark Bank totaling approximately $1.69 billion, consisting of loans and REO assets of $1.32 billion (at fair value) and cash of $368.2 million. Approximately $910 million of the loans and REO transferred from Capmark Bank to CFGI were monetized in 2012.
- The Company fully repaid the $1.25 billion of secured debt securities issued at emergence from bankruptcy.

- The Company made aggregate distributions to shareholders of $14.50 per share or $1.45 billion and ended the year with $1.3 billion of stockholders' equity.

- Capmark Bank transferred $827 million of deposits to an unaffiliated bank, which included all of Capmark Bank's deposits maturing after August 2013.

- Capmark Bank repaid $1.9 billion of deposit liabilities and fully repaid its borrowings with the Federal Home Loan Bank of Seattle.

- The Company paid an additional $112 million to prepetition creditors, including $65 million under the settlement agreement with the Japanese lenders, $22 million under the settlement agreement with creditors of Crystal Ball Holdings of Bermuda Limited and $25 million from the disputed claims reserve.

- The Company substantially completed the wind down of its LIHTC business and Asian operations and substantially reduced the operations of Capmark Bank by transferring its loan and REO assets, together with the majority of its staff, to other CFGI subsidiaries.

- The Company reduced its headcount from 220 employees at December 31, 2011 to 90 employees at December 31, 2012 and closed 5 offices in 2012.

Highlights of Subsequent Events:

- Capmark Bank made a distribution to the Company of $157 million on February 28, 2013.

- The Company paid a cash distribution of $4.50 per share on March 22, 2013 to shareholders of record on March 15, 2013, bringing aggregate distributions to shareholders since emergence from bankruptcy to $19.00 per share.

- The Company paid an additional $68 million to prepetition creditors including $21 million under the settlement agreement with Japanese lenders, $3 million under the settlement agreement with creditors of Crystal Ball Holdings of Bermuda Limited and $44 million from the disputed claims reserve.

MANAGEMENT'S COMMENTARY ON FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's "Management's Commentary on Financial Condition and Results of Operations" is organized as follows:

- *Overview and Basis of Presentation.* This section provides a discussion of the presentation of the Company's consolidated results and statement of financial condition, and the presentation of its segment results.

- *Presentation of the Company's Statement of Financial Condition.* This section presents the Company's detailed analysis of its consolidated and segment statement of financial condition and a discussion of information that it believes is meaningful to an understanding of its financial condition.

- *Presentation of the Company's Results of Operations.* This section presents the Company's detailed analysis of its consolidated results of operations and a discussion of information that it believes is meaningful to an understanding of its results of operations.

- *Liquidity and Capital Resources.* This section provides an analysis of the Company's liquidity and cash flows.

- *Concentrations of Risk.* This section discusses the Company's single risk exposures and non-performing assets.

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

Overview and Basis of Presentation

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. 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.

The interest income the Company generates on its interest-earning assets and the gains or losses it realizes on sales of its assets are subject to various factors. These factors include changes in the interest rate environment, commercial real estate prices, levels of supply and demand for commercial real estate and real estate-related investments, and the condition of local and national economies. These factors also affect expected cash flows from the Company's assets and its related valuation of those assets. As a consequence of these factors, the results of the Company's business are affected by business cycles.

For management reporting purposes, the Company conducts its business through three business segments. These business segments, which are organized based on 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.

The Company presents the results of operations for its three business segments in accordance with GAAP. This guidance is based on a management approach, which requires presentation of its segments based upon the Company's organization and internal reporting of results of operations. Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of June 30, 2012 and it is no longer reflected as a business segment of continuing operations.

Presentation of the Company's Statement of Financial Condition

Consolidated Balance Sheet

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

December 31, 2012	Capmark Bank	Non–Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 1,296,156	$ 182,726	$ —	$ 1,478,882
Restricted cash	—	75,219	—	75,219
Accounts and other receivables	234	51,262	—	51,496
Investment securities available for sale	240	4,371	—	4,611
Loans held for sale	2,608	589,206	—	591,814
Real estate investments	—	154,112	—	154,112
Equity investments	56,946	191,404	—	248,350
Investment in subsidiary	—	314,673	(314,673)	—
Other assets	1,418	11,630	—	13,048
Assets of discontinued operations	—	253,518	—	253,518
Total assets	$ 1,357,602	$ 1,828,121	$ (314,673)	$ 2,871,050
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ —	$ —	$ —
Other borrowings	—	222,062	—	222,062
Deposit liabilities	1,018,601	—	—	1,018,601
Other liabilities	24,328	103,129	—	127,457
Liabilities of discontinued operations	—	114,719	—	114,719
Total liabilities	1,042,929	439,910	—	1,482,839
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	167,493	1,240,834	(167,493)	1,240,834
Retained earnings	147,179	90,313	(147,179)	90,313
Accumulated other comprehensive income (loss), net of tax	—	(4,885)	—	(4,885)
Total Capmark Financial Group Inc. stockholders' equity	314,673	1,326,362	(314,673)	1,326,362
Noncontrolling interests	—	61,849	—	61,849
Total equity	314,673	1,388,211	(314,673)	1,388,211
Total liabilities and equity	$ 1,357,602	$ 1,828,121	$ (314,673)	$ 2,871,050

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 $2.9 billion and $8.6 billion of assets as of December 31, 2012 and 2011, respectively. The assets were primarily comprised of a portfolio of loans, real estate, real estate-related assets and cash and cash equivalents, of which $1.4 billion and $6.2 billion were held at Capmark Bank and $253.5 million and $381.9 million were associated with discontinued operations as of December 31, 2012 and 2011, respectively. Accounts and other receivables included success fees receivable associated with the Company's former new markets tax credit ("NMTC") program, the fair value of a terminated derivative contract that is the subject of a pending adversary proceeding in Bankruptcy Court and receivables from the Company's loan servicer.

The consolidated balance sheet of the Company also included $1.5 billion and $5.8 billion of liabilities as of December 31, 2012 and 2011, respectively. The liabilities included $1.0 billion and $4.3 billion at Capmark Bank and $114.7 million and $177.8 million associated with discontinued operations as of December 31, 2012 and 2011, respectively. Capmark Bank's liabilities were primarily comprised of $1.0 billion and $3.9 billion of Federal Deposit Insurance Corporation ("FDIC")-insured deposit liabilities as of December 31, 2012 and 2011, respectively. The deposit liabilities of Capmark Bank decreased during 2012 due to repayment of maturing deposits and the transfer of $826.9 million of brokered certificates of deposit ("Brokered CDs") to an unaffiliated bank ("Brokered CD Transaction"). Non-Capmark Bank debt decreased due to the discharge and satisfaction of the $1.25 billion of secured debt securities issued on the Effective Date ("Secured Notes") and the determination that the Asian Operations met the criteria for inclusion in discontinued operations. Capmark Financial Group Inc. stockholders' equity as of December 31, 2012 as compared to December 31, 2011 was reduced by the $1.45 billion of cash distributions to holders of the Company's common stock. Liabilities of the continuing operations of the Company also included $219.8 million and $256.6 million of other borrowings as of December 31, 2012 and 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").

Segment Balance Sheets

The following tables summarize asset information, by category, for the continuing operations business segments (in thousands):

	December 31, 2012				
Assets from Continuing Operations	**Capmark Bank**	**North American Asset Management**	**Real Estate Investment Funds**	**Corporate and Other**	**Total**
Cash and cash equivalents	$ 1,296,156	$ —	$ 2,777	$ 179,949	$ 1,478,882
Restricted cash	—	—	—	75,219	75,219
Accounts and other receivables	234	35,527	—	15,735	51,496
Investment securities available for sale	240	—	—	4,371	4,611
Loans held for sale	2,608	573,496	—	15,710	591,814
Real estate investments	—	154,112	—	—	154,112
Equity investments	56,946	45,822	145,283	299	248,350
Other assets	1,418	2,684	—	8,946	13,048
Total continuing operations assets	$ 1,357,602	$ 811,641	$ 148,060	$ 300,229	$ 2,617,532

	December 31, 2011					
Assets from Continuing Operations	**Capmark Bank**	**North American Asset Management**	**Asian Operations**	**Real Estate Investment Funds**	**Corporate and Other**	**Total**
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

Capmark Bank, a wholly-owned Utah industrial bank, is currently prohibited under cease and desist orders consented to on October 2, 2009 ("C&D Orders") with the FDIC and the Utah Department of Financial Institutions ("UDFI") (together, the "Bank Regulators") 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 or non-objection of the Bank Regulators. The aggregate carrying value of Capmark Bank's assets, excluding cash and cash equivalents, was $61.4 million as of December 31, 2012 compared to $3.9 billion as of December 31, 2011. The loans held for sale, real estate investments and equity investments of Capmark Bank decreased compared to December 31, 2011 due primarily to asset dispositions and collections and the distribution of $1.57 billion of assets to CFGI which 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 ("Asset Distribution"). Equity investments included an equity investment in the capital stock of the Federal Home Loan Bank of Seattle ("FHLB") of $56.9 million as of December 31, 2012 and $58.0 million December 31, 2011. The decrease in cash and cash equivalents from $2.3 billion as of December 31, 2011 to $1.3 billion as of December 31, 2012 is due primarily to $2.8 billion for the repayment of or in connection with the transfer of Brokered CDs, $391.1 million for the payment of the FHLB borrowings and $368.2 million of cash distributions to Successor CFGI, partially offset by proceeds of $2.0 billion from monetization of assets prior to the Asset Distribution and $582.3 million from the transactions in the investment securities classified as available for sale portfolio.

Accounts and other receivables decreased $53.2 million as of December 31, 2012 compared to December 31, 2011 primarily due to the distribution to CFGI of a receivable from Capmark Bank's loan servicer in conjunction with the Asset Distribution. Investment securities available for sale declined $582.3 million in the year ended December 31, 2012 primarily due to repayments and redemption of debt securities in the first nine months of 2012 as well as the sale of substantially all of the remaining investment securities classified as available for sale portfolio in the fourth quarter of 2012. The decrease in other assets of $57.1 million as of December 31, 2012 compared to December 31, 2011 was primarily related to the termination of all outstanding interest rate derivative contracts.

North American Asset Management

The Company's North American Asset Management business segment is responsible for the management of the North American commercial mortgage loan and real estate acquired through foreclosure portfolio. This segment also includes loans held for sale and real estate investments from the Asset Distribution previously owned by Capmark Bank. As of December 31, 2012, the aggregate carrying value of the assets in the North America Asset Management segment was $811.6 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 $773.4 million and $872.2 million as of December 31, 2012 and 2011, respectively. The decrease in the carrying value of loans held for sale and real estate investments as of December 31, 2012 compared to December 31, 2011 was primarily due to the disposition of and collection on assets in excess of $1.3 billion which was substantially offset by the increase in carrying value associated with remaining assets from the Asset Distribution.

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

	December 31, 2012		December 31, 2011	
	Number of assets	Aggregate carrying value	Number of assets	Aggregate carrying value
Loans held for sale - performing	21	$ 332,812	26	$ 248,668
Loans held for sale - nonperforming	10	68,332	29	137,535
Real estate acquired through foreclosure	13	154,112	21	258,711
Equity investments in real estate acquired through foreclosure	7	45,822	8	15,525
Total	51	$ 601,078	84	$ 660,439

The North American Asset Management segment also included $172.4 million and $211.7 million of loans held for sale, as of December 31, 2012 and 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. The number of assets and aggregate carrying value in the table above does not reflect the loans held for sale that were accounted for as financings under ASC 860.

The North American Asset Management segment included $329.8 million of assets as of December 31, 2012 from the Asset Distribution. The following table summarizes the carrying value of the loan and real estate portfolio that was transferred to the North American Asset Management segment on July 31, 2012 in the Asset Distribution, by category (in thousands, except number of assets):

	December 31, 2012		July 31, 2012	
	Number of assets	Aggregate carrying value	Number of assets	Aggregate carrying value
Loans held for sale - performing	13	$ 220,427	71	$ 1,036,448
Loans held for sale - nonperforming	7	43,758	13	110,107
Real estate acquired through foreclosure	5	26,565	11	61,144
Equity investments in real estate acquired through foreclosure	2	39,096	2	40,086
Total	27	$ 329,846	97	$ 1,247,785

Real Estate Investment Funds

The Company's Real Estate Investment Funds segment consists of the management of the Company's remaining 18 investments in real estate equity and debt funds and joint ventures formerly managed by Capmark Investments LP. The Company ceased making any new investments as part of this business line, but continues to have contractual commitments to make additional investments in certain funds. The Company was not required to make any investments under these commitments during 2012 and the Company has not received any notice of required investments in the first quarter of 2013. The aggregate carrying value, excluding cash and cash equivalents, of the 18 investments in the Real Estate Investment Funds segment was $145.3 million as of December 31, 2012 compared to 21 assets with a carrying value of $207.1 million as of December 31, 2011. As of December 31, 2012 and 2011, these assets primarily consisted of $119.8 million and $174.2 million of limited partnership interests and membership interests in real estate equity investment funds and joint ventures and $25.5 million and $28.6 million of limited partnership interests in real estate debt funds, respectively. The decrease in the carrying value of the investments is primarily due to cash distributions received from the underlying funds and as well as from the sale of two assets, partially offset by a $33.1 million increase primarily in unrealized gains in the remaining investments.

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 $45.1 million as of December 31, 2012 and $122.4 million as of December 31, 2011. These assets primarily consisted of (i) $15.7 million of loans originated by the Company's European operations, (ii) $4.4 million of investment securities available for sale, and (iii) $8.9 million of other assets as of December 31, 2012 compared to (i) $51.0 million of loans originated by the Company's European operations, (ii) $13.1 million of investment securities available for sale, and (iii) $40.2 million of other assets as of December 31, 2011.

Corporate and Other restricted cash of $75.2 million and $128.4 million as of December 31, 2012 and 2011, respectively, included $49.7 million and $72.6 million as of December 31, 2012 and 2011, respectively, which is 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.

Asian Operations

Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of 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):

	Year ended December 31, 2012							
	Capmark Bank			North American Asset Management			Total	
	Number of assets	Proceeds received	Percentage of prior quarter carrying value (1)	Number of assets	Proceeds received	Percentage of prior quarter carrying value (1)	Number of assets	Proceeds received
Loans held for sale - performing	76	$ 1,250,565	104%	75	$ 939,255	102%	151	$ 2,189,820
Loans held for sale - nonperforming	39	520,565	112	30	223,326	117	69	743,891
Real estate acquired through foreclosure	16	120,821	104	22	157,700	107	38	278,521
Equity investments in real estate acquired through foreclosure	—	—	—	5	8,032	100	5	8,032
Total	131	$ 1,891,951	106%	132	$1,328,313	105%	263	$ 3,220,264

Note:

(1) Aggregate percentage of the carrying value, as determined at the lower of cost or fair value ("LOCOM"), of each asset in the quarter prior to the disposal of the asset.

In the year ended December 31, 2012, North American Asset Management generated $910.2 million from the disposition of or collection on 70 assets from the Asset Distribution at 104% of prior quarter carrying value.

In the year ended December 31, 2012, Capmark Bank collected $86.6 million and the North American Asset Management segment collected $43.3 million of payments on assets which the Company continues to hold.

In the year ended December 31, 2012, the Real Estate Investment Funds segment sold 2 assets for $14.2 million of proceeds which reflected 103% of the prior quarter carrying value and collected $6.2 million for the repayment of a loan held for sale which reflected 144% of the prior quarter carrying value. The Real Estate Investment Funds segment also received $77.1 million in cash distributions from the real estate equity and debt fund investments in the year ended December 31, 2012.

Discontinued Operations and Noncontrolling Interests

The Company's consolidated balance sheet included $253.5 million and $381.9 million of assets and $114.7 million and $177.8 million of liabilities associated with discontinued operations as of December 31, 2012 and 2011, respectively. As of December 31, 2012, assets of discontinued operations included $161.4 million associated with the LIHTC business and $92.1 million associated with the former Asian Operations segment. Liabilities of discontinued operations included $85.6 million associated with the LIHTC business and $29.1 million associated with the former Asian Operations segment as of December 31, 2012.

The Company agreed to sell substantially all of the LIHTC business to affiliates of Hunt Companies, Inc. ("Hunt") 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 assets related to LIHTC transactions that the Company had restructured and settled with counterparties through that date. Four additional sales of assets for an aggregate amount of $25.0 million closed in the year ended December 31, 2012. The sale agreement with Hunt also includes provisions for future sales of assets for up to $10.2 million for certain remaining assets subject to completion of additional restructuring and settlement transactions with guaranteed fund counterparties on the terms proposed. The Company has filed objections to the bankruptcy claims of the counterparties relating to the remaining unsettled guaranteed LIHTC funds while continuing to pursue negotiations to restructure and settle these fund guarantees. The Company's objections seek, among other things, the return of excess collateral pledged with respect to certain of the guarantees. The Company believes that the remaining unsettled guaranteed LIHTC funds will be resolved by December 31, 2013, either through consensual restructuring and settlement transactions or through the claims objection process in the Bankruptcy Court.

The Company's Asian Operations business segment managed a portfolio of real estate investments located in Japan. In the second quarter of 2012, management committed to a business plan to sell the remaining real estate assets in the Asian Operations segment. Sales of these assets were completed by December 31, 2012. 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 $2.6 million as of December 31, 2012 compared to $238.2 million for 24 real estate investments as of December 31, 2011. As of December 31, 2012, the assets primarily consist of current tax receivables. 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 year ended December 31, 2012, the former Asian Operations segment sold 24 assets for $238.6 million of proceeds which was 112% of the prior quarter carrying value.

The Company's total equity as of December 31, 2012 and 2011, respectively included $61.8 million and $179.0 million of noncontrolling interests. Included in the noncontrolling interests as of December 31, 2012 and 2011, respectively were $52.0 million and $165.8 million of noncontrolling interests that represent third-party investments in the net assets of entities, which are consolidated under ASC 810, *Consolidation* ("ASC 810"), and associated with discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests. The decrease in noncontrolling interests associated with discontinued operations in the year ended December 31, 2012 was primarily due to the sale of assets associated with the LIHTC business during the period.

Variable Interest Entities

The Company is involved with various entities in the normal course of business, one or more of which may be deemed to be a variable interest entity (“VIE”). A VIE is an entity in which the equity investors do not have sufficient equity at risk for the entity to finance its activities without additional financial support or lacks one or more of the characteristics of a controlling financial interest.

While the Company engages in activities with VIEs throughout the organization, the two businesses which account for a significant portion of involvement with VIEs are the LIHTC business included in discontinued operations and the former NMTC business. The Company’s LIHTC business had sponsored guaranteed and non-guaranteed tax credit fund and operating partnerships prior to the commencement of the bankruptcy. A significant portion of the assets and liabilities of the LIHTC business are assets and liabilities of VIEs or related to VIEs. Additionally, the Company has loans held for sale to partnerships which are VIEs. These VIEs made investments, typically mortgage loans that, in turn, qualify the partnership to earn new markets tax credits.

Presentation of the Company’s Results of Operations

Consolidated Results of Operations

Net Interest Income

Net interest income represents the difference between the amount of interest that the Company earns on its interest-earning assets, primarily loans held for sale, and the amount of interest that the Company pays on its interest-bearing liabilities. Net interest income is driven by the principal amount of interest-earning assets and interest-earning liabilities that the Company holds on its consolidated balance sheet and the changes in the spread between the two. Interest expense consists primarily of amounts paid to third parties under the Company’s debt financing arrangements including interest that accrues on its deposit liabilities and interest that was accrued on the Secured Notes and FHLB borrowings. Interest expense also includes the accretion of the premiums and discounts recognized in the application of fresh start accounting to the Secured Notes, deposit liabilities and FHLB borrowings.

Noninterest Income and Noninterest Expense

Noninterest income primarily includes net realized and unrealized gains and losses on loans, trading derivatives, investment securities available for sale, real estate investments and equity investments and realized losses associated with the Brokered CD Transaction. Net gains (losses) on loans also include the recognition of the discount recorded in the application of fresh start accounting to the loans held for sale. The discount is recognized as a component of the realized gain on sale at the time of a partial or full disposition of the loan.

Noninterest expense consists primarily of compensation and benefits; professional fees for restructuring and advisory services, fess of legal, accounting and other service providers; insurance premiums; costs for office space and equipment, including impairments on properties owned and used; and other various expenses.

Noncontrolling Interests

The Company’s consolidated financial statements include the results of entities in which third parties own an economic interest. These entities consist primarily of the Company’s upper-tier and lower-tier LIHTC partnerships, NMTC partnerships and certain other entities that are consolidated under applicable accounting guidance. The consolidation of these entities in the Company’s financial statements requires it to recognize all of the revenues and all of the expenses that these entities recognize during an accounting period. When calculating the Company’s net income, the portion of the net income or loss of consolidated entities and funds that are attributable to third party investors in those entities is reflected as income or expense attributable to noncontrolling interests, as appropriate, in its consolidated statement of comprehensive income (loss). See further discussion in the “—*Variable Interest Entities*” section above.

The following table presents the results of operations for Capmark Bank, for all of the other subsidiaries of the Company excluding Capmark Bank, and the consolidated results of operations (in thousands):

	Capmark Bank	Non –Capmark Bank	Eliminations	Year ended December 31, 2012
Interest income	$ 65,975	$ 43,010	$ —	$ 108,985
Interest expense	15,398	33,277	—	48,675
Net interest income	50,577	9,733	—	60,310
Noninterest income	158,013	84,953	(58,260)	184,706
Net revenue	208,590	94,686	(58,260)	245,016
Noninterest expense	43,106	91,029	(1,424)	132,711
Income from continuing operations before income taxes	165,484	3,657	(56,836)	112,305
Income tax provision (benefit)	3,169	(4,869)	—	(1,700)
Income from continuing operations after income taxes	162,315	8,526	(56,836)	114,005
Loss from discontinued operations, net of tax	—	(44,329)	—	(44,329)
Net income (loss)	162,315	(35,803)	(56,836)	69,676
Plus: Net loss attributable to noncontrolling interests	—	54,216	(1,928)	52,288
Net income attributable to Capmark Financial Group Inc.	$ 162,315	$ 18,413	$ (58,764)	$ 121,964

Capmark Bank

The income from continuing operations before income taxes of $165.5 million for Capmark Bank in the year ended December 31, 2012 was primarily due to $169.1 million of net gains on loans and $66.0 million of interest income primarily from loans held for sale, partially offset by $43.1 million of noninterest expense, $15.4 million of interest expense primarily on Brokered CDs and a $12.4 million net loss on the Brokered CD Transaction. Net gains on loans included a $51.3 million gain on the Asset Distribution which is eliminated in the consolidated results of operations in the year ended December 31, 2012. Net gains on loans also included $93.4 million of realized gains on full or partial dispositions of other loans held for sale and $24.4 million of recapture of losses from the application of LOCOM to loans held for sale. The $43.1 million of noninterest expense included $24.9 million of compensation and benefits costs, of which $10.7 million was for long term incentive plans and $2.1 million was for retention programs. The $15.4 million of interest expense for Capmark Bank was comprised of $86.5 million of contractual interest expense from deposit liabilities and FHLB borrowings offset by $71.1 million from the accretion of the fresh start accounting premium for the deposit liabilities and FHLB borrowings.

Non-Capmark Bank

The income from continuing operations before income taxes of $3.7 million for Non-Capmark Bank in year ended December 31, 2012 was primarily due to $85.0 million of noninterest income and $43.0 million of interest income on loans held for sale and investment securities available for sale substantially offset by $91.0 million of noninterest expense and $33.3 million of interest expense. Noninterest income of $85.0 million primarily included $70.1 million of realized gains on full or partial dispositions of loans held for sale and $6.4 million of gains due to the reduction of the estimate of potential losses on loans held for sale associated with the former NMTC program partially offset by $15.3 million of losses from the application of LOCOM to loans held for sale. The noninterest income also included $31.3 million of equity in income of joint ventures and partnerships primarily due to unrealized gains on equity investments resulting from increases in the fair value of assets held by real estate investment funds and joint ventures. The $91.0 million of noninterest expense included $38.7 million of compensation and benefits costs and $29.2 million of professional fees, of which $7.8 million was attributable to fees of restructuring and advisory professionals and $5.1 million was attributable to fees associated with the former NMTC business. Compensation and benefits costs in the year ended December 31, 2012 included $9.3 million for long term incentive plans and $4.0 million was for retention programs. The $33.3 million of interest expense included $23.4 million of contractual interest expense for the Secured Notes and $5.7 million for the accretion of the fresh start accounting discount for the Secured Notes.

Noninterest Income

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

	Capmark Bank	Non –Capmark Bank	Eliminations	Year ended December 31, 2012
Net gains (losses) on loans	$ 169,106	$ 61,186	$ (51,273)	$ 179,019
Net (losses) gains on investments and real estate(1)	4,066	(7,308)	(7,491)	(10,733)
Other (losses) gains, net(2)	(9,532)	(2,694)	—	(12,226)
Equity in (loss) income of joint ventures and partnerships	(7,741)	31,265	1,928	25,452
Fee revenue	3,464	1,487	(1,424)	3,527
Net real estate investment (loss) income(3)	(1,343)	(2,691)	—	(4,034)
Other income(3)	(7)	3,708	—	3,701
Total	$ 158,013	$ 84,953	$ (58,260)	184,706

Notes:

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

(2) Includes losses associated with the transfer of Brokered CDs, 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 comprehensive income (loss).

Capmark Bank net gains on loans and net gains on investments and real estate included a $51.3 million gain and a $7.5 million gain on the Asset Distribution, respectively, which are eliminated in the consolidated results of operations in the year ended December 31, 2012. Capmark Bank net gains on loans of $169.1 million for the year ended December 31, 2012 also included $93.4 million of realized gains on full or partial dispositions of other loans held for sale and $24.4 million of recapture of losses from the application of LOCOM to loans held for sale. The $93.4 million of realized gains on full dispositions of loans held for sale in the year ended December 31, 2012 included $54.7 million associated with the sale of a portfolio of loans held for sale to an unaffiliated financial institution. Other losses, net in the year ended December 31, 2012 included a $12.4 million net loss on the Brokered CD transaction offset by gains on Capmark Bank's termination of its entire outstanding interest rate derivative contracts with an aggregate notional amount of $1.9 billion. Equity in losses of joint ventures and partnerships in the year ended December 31, 2012 was primarily due to decreases in the fair value of assets within entities that hold foreclosed real estate.

Non-Capmark Bank net gains on loans of $61.2 million for the year ended December 31, 2012 primarily included $70.1 million of realized gains on full or partial dispositions of loans held for sale and $6.4 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 $15.3 million of losses from the application of LOCOM to loans held for sale. Net losses of $7.3 million on investments and real estate in the year ended December 31, 2012 were primarily due to $4.7 million of impairments on investment securities available for sale considered other-than-temporary. Other losses, net included $8.6 million of net losses associated with foreign currency remeasurement adjustments principally associated with the former Asian Operations segment, partially offset by $3.4 million of adjustments to the initial application of fresh start accounting to write-off success fees payable to certain third parties associated with the Company's former NMTC program. Equity in income of joint ventures and partnerships of $31.3 million was primarily due to unrealized 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 loss primarily included operating income or losses on owned real estate properties. The operating loss in the year ended December 31, 2012 included $6.4 million of losses associated with two foreclosed properties in the North American Asset Management segment primarily for legal settlements and property repairs partially offset by $3.3 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):

	Capmark Bank	Non –Capmark Bank	Eliminations	Year ended December 31, 2012
Compensation and benefits	$ 24,871	$ 38,709	$ —	$ 63,580
Professional fees – restructuring and advisory professionals	—	7,777	—	7,777
Professional fees	4,278	21,403	(1,424)	24,257
Occupancy and equipment	968	8,530	—	9,498
Loan processing fees	388	14	—	402
Corporate insurance	188	2,404	—	2,592
Other expenses(1)	12,413	12,192	—	24,605
Total	$ 43,106	$ 91,029	$ (1,424)	$ 132,711

Note:

(1) Includes expenses related to data processing and telecommunications, travel and entertainment, employee-related expenses, FDIC deposit insurance assessments, property inspection fees, impairments on properties owned and used, adjustments to the carrying amount of the estimated liability under the Crystal Ball Settlement Agreement and other miscellaneous expenses.

Compensation and benefit costs for the year ended December 31, 2012 included $32.2 million of salary and benefits expense and $31.4 million of expense associated with various incentive compensation programs. The $32.2 million of salary and benefits expense included $5.1 million of employee benefits costs and $5.2 million of severance costs associated with the planned reduction of employees. The $31.4 million of incentive compensation expense included $20.0 million for long term incentive plans, $6.1 million of expense for retention programs and $1.8 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. In the fourth quarter of 2012 in connection with the distribution of assets by Capmark Bank to CFGI in the third and fourth quarters of 2012, the Company measured and paid the $12.9 million aggregate deferred cash payment under the long term incentive plan established for certain officers and employees of Capmark Bank. 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.

Professional fees included fees for the services of restructuring and advisory professionals relating to the administration and resolution of the Plan and of professional assistance with strategic transactions to accelerate the wind down of the operations as well as the management of preference actions and collateral recovery matters. These professional fees were $7.8 million for the year ended December 31, 2012.

Professional fees included $2.8 million of fees for accounting and tax services professionals and $10.8 million of other legal fees in the year ended December 31, 2012. Professional fees also included $2.6 million of management fees paid by consolidated VIEs associated with the Company's former NMTC program and $2.5 million of success fees payable to third parties associated with the Company's former NMTC program that are fully offset in interest income.

In the year ended December 31, 2012, a $7.8 million impairment was recognized with respect to the carrying value of the Company's headquarters including $4.7 million in occupancy and equipment for the related buildings and $3.1 million in other expenses for the associated land.

Other expenses in the year ended December 31, 2012 included a $6.9 million increase to the carrying amount of the estimated liability under the Crystal Ball Settlement Agreement referred to in Section 4.10 of the Plan. In accordance with the Crystal Ball Settlement Agreement, Crystal Ball Holding of Bermuda Limited ("Crystal Ball") and its subsidiaries must distribute all cash, in excess of working capital needed to pay liabilities and expenses, to the holders of the Predecessor CFGI unsecured loans and unsecured notes. Based upon the Company's projections of future distributions, an additional $6.9 million is currently expected to be paid under the Crystal Ball Settlement Agreement and was recognized in noninterest expense on the consolidated statement of comprehensive income (loss).

Income Taxes

The consolidated income tax benefit of $1.7 million for the year ended December 31, 2012 is primarily due to favorable resolution of disputes with various tax jurisdictions, partially offset by income tax expense for foreign and state tax liabilities.

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 evaluates all positive and negative evidence, including scheduled reversals of existing deferred tax liabilities, projected future taxable income and tax planning strategies. The Company also considers the nature, frequency and severity of recent losses and the duration of statutory carryforward periods. In making such judgments, significant weight is given to evidence that can be objectively verified. Concluding that a valuation allowance is not required is difficult when there is significant negative evidence that is objective and verifiable, such as cumulative losses in recent years. The Company concluded that a valuation allowance was still required as of December 31, 2012.

If the Company generates future taxable income on a sustained basis in jurisdictions where it has recorded full valuation allowances, its conclusion regarding the need for full valuation allowances in these tax jurisdictions could change, resulting in the reversal of some or all of the valuation allowance. If its operations generate taxable income prior to reaching profitability on a sustained basis, the Company would reverse a portion of the valuation allowance related to the corresponding realized tax benefit for that period, without changing its conclusions on the need for a full valuation allowance against the remaining net deferred tax assets.

The valuation of deferred tax assets requires significant judgment. The Company's accounting for deferred tax consequences of events that have been recognized in its financial statements and its future taxable income represent management's best estimate of those future events.

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 carryforwards, capital loss carryforwards 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.

Discontinued Operations

The loss from discontinued operations of $44.3 million for the year ended December 31, 2012 is primarily due to a $42.2 million net loss associated with the LIHTC business platform and a $2.1 million of net loss from the former Asian Operations segment. Activity in the LIHTC business platform included $44.3 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 income attributable to the Company. The net loss from the former Asian Operations segment is primarily due to $23.6 million of operating expenses and a $6.5 million increase to the estimated liability under the Japanese Settlement Agreement based upon the Company's projections of future distributions substantially offset by realized net gains on the sales of real estate assets and operating income on owned real estate properties.

Noncontrolling Interests

The net loss attributable to noncontrolling interests of $52.3 million for the year ended December 31, 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.

Liquidity and Capital Resources

As of December 31, 2012, the Company's continuing operations had $1.6 billion in total cash and cash equivalents (including restricted cash), of which $1.3 billion was held by Capmark Bank and $0.3 billion 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	December 31, 2012	December 31, 2011
Capmark Bank:		
Cash and cash equivalents	$ 1,296,156	$ 2,286,889
Non-Capmark Bank:		
Cash and cash equivalents – Asian Operations (1)	—	90,778
Cash and cash equivalents – Other Non-Capmark Bank	182,726	355,749
Cash and cash equivalents – Total Non-Capmark Bank	182,726	446,527
Restricted cash	75,219	129,264
Total cash, cash equivalents and restricted cash attributable to continuing operations	$ 1,554,101	$ 2,862,680

Note:

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

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

Restricted Cash	December 31, 2012	December 31, 2011
Cash from consolidated VIEs	$ 49,663	$ 72,626
Secured Notes interest reserve	—	25,000
Bankruptcy disputed administrative, priority and convenience class claims escrow	8,865	18,499
Distribution escrow	7,462	—
Other	9,229	13,139
Restricted cash from continuing operations	$ 75,219	$ 129,264

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.

The Company received $9.0 million of cash from the reserve for disputed administrative and priority claims on April 11, 2012. These amounts represent certain disputed administrative and priority claims that were resolved in favor of the Company from the Effective Date through March 31, 2012.

The Company's primary sources of liquidity are expected to be (1) proceeds from the sale of loans, including discounted payoffs received in connection with loan workout efforts, (2) proceeds from the sale of real estate, (3) principal and interest payments on loans, (4) distributions received from equity investments and (5) sales of 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 C&D Orders from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor CFGI without the prior written consent or non-objection of the Bank Regulators.

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.

Significant Transactions

Distributions to Shareholders

The Company paid cash distributions to the holders of the Company's common stock as follows:

Record Date	Distribution Paid	Distribution Amount Per Share
October 5, 2012	October 12, 2012	$6.00
December 17, 2012	December 20, 2012	8.50
March 15, 2013	March 22, 2013	4.50

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. Distributions made in excess of earnings and profits are next treated as a return of capital to the extent of the shareholders' basis. The Company determined that 1.07% of the distributions made to shareholders in the year ended December 31, 2012 would be taxable as a dividend.

The Company will consider making additional distributions to shareholders of cash in excess of working capital needs and expects to make a distribution in the second quarter of 2013, however the specific timing and amount of any distribution have not been determined.

Transactions with Capmark Bank

In July 2012, Capmark Bank distributed approximately $1.57 billion of assets to CFGI. 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.

Capmark Bank distributed $109.9 million in cash and $157.1 million in cash to Capmark Financial Group Inc. in November 2012 and February 2013, respectively.

Loan Portfolio Sales

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 aggregated portfolios were owned by Capmark Bank.

In August 2012, Capmark Finance LLC closed the sale of a portfolio of 15 healthcare commercial mortgage loans held for sale with an aggregate unpaid principal balance of approximately $247 million to an unaffiliated institution.

In November 2012, Capmark Finance LLC closed the sales of 25 hospitality loans held for sale with an aggregate unpaid principal balance of approximately $485 million to two unaffiliated institutions.

Financing Arrangements

Brokered CDs of Capmark Bank

At December 31, 2012, the contractual amount outstanding of the deposit liabilities was $1.0 billion with a weighted average remaining maturity of 6 months. Term to maturity of Brokered CDs is calculated using the contractual maturity date.

On April 25, 2012, the Company's Capmark Bank subsidiary entered into a definitive agreement pursuant to which another FDIC-insured bank agreed to assume $834.2 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 closed on August 30, 2012 and included the transfer of $826.9 million of Capmark Bank's Brokered CDs and a payout of $7.3 million to holders of Capmark Bank's Brokered CDs who elected such option.

Secured Notes

On August 7, 2012, the Company deposited sufficient funds in trust with the trustee pursuant to the terms of the indenture governing the B Notes (the "Indenture") to satisfy and discharge the B notes and the Indenture, and the trustee acknowledged such satisfaction and discharge. The Secured Notes were fully repaid on September 5, 2012. Pursuant to the terms of the Indenture, the Company and the subsidiary guarantors have no further obligations under the Indenture other than the survival of certain customary provisions such as the indemnification of the trustee.

Other Borrowings

Other borrowings of $222.1 million as of December 31, 2012 primarily include 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 12 of the consolidated financial statements.

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

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

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

In accordance with the Japanese Settlement Agreement, distributions to the Japanese Lenders, including other payments made with respect of the Japanese guarantee claim, shall not exceed 100% of the outstanding principal amounts due under the Japanese Loans at the effective date of the Japanese Settlement Agreement, plus any interest that has accrued on the outstanding amount thereof. In accordance with the Japanese Settlement Agreement, the Japanese Borrowers made payments of ¥7.0 billion (approximately $85.8 million) to the applicable Japanese lenders since December 31, 2011.

After taking into account the January 8, 2013 payment, the contractual amount owed under the Japanese Settlement Agreement was ¥2.6 billion (approximately $30.1 million). The Japanese Settlement Agreement is Yen denominated and the US dollar equivalent approximations of the aggregate Yen cash distributions are converted at the spot exchange rate on the effective payment date.

Crystal Ball Settlement Agreement

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

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 $25.6 million since December 31, 2011. After taking into account the January 15, 2013 payment, the carrying amount of the estimated liability under the Crystal Ball Settlement Agreement was $3.6 million.

Investment Securities Available for Sale

In the year ended December 31, 2012, substantially all of Capmark Bank's remaining debt securities, consisting of highly rated government agency and other short term investment securities, were sold, reached maturity or were redeemed.

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.

Concentrations of Risk

Collateral Type Diversification of the Company's Loan Portfolio

The Company's loan portfolio consists of loans used to finance properties in more than 17 markets, including many of the major metropolitan areas in the United States. The Company's New York concentration currently represents its largest geographic concentration at 22% of its geographical exposure as of December 31, 2012. The portfolio is spread across 44 loans and 9 property types, however one property represents 22% of the total portfolio. 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.

Single Risk Exposures in the Company's Loan Portfolio

As of December 31, 2012, we had one loan commitment that exceeded $50 million. The Company's aggregate commitment with respect to the performing loan totaled $138.0 million, all of which had been funded.

Non-Performing Assets

The Company's non-performing assets consist of all of its originated loans that are on non-accrual status, real estate acquired through foreclosure and equity investments in entities that hold real estate acquired through foreclosure.

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

	December 31, 2012	December 31, 2011
Gross principal balance of loans held for sale	$ 129,769	$ 1,353,200
Historical basis and fresh start adjustments (1)	(40,530)	(467,746)
Basis and other adjustments (2)	(10,570)	(28,494)
Carrying value of non-performing loans held for sale	$ 78,669	$ 856,960
Carrying value as a percentage of all originated loans held for sale (3)	19.7%	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 $172.4 million and $211.7 million of loans held for sale as of December 31, 2012 and 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):

	December 31, 2012	December 31, 2011
Basis in REO (1)	$ 217,724	$ 566,492
LOCOM and other adjustments (2)	(22,434)	(11,170)
Carrying value of REO	$ 195,290	$ 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.

Banking Regulation

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

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

FDIC Capital Rules

Capmark Bank has deposits that are eligible for insurance by the FDIC in accordance with FDIC rules. Regulatory restrictions require that Capmark Bank comply with capital rules of the FDIC. The Federal Deposit Insurance Corporation Improvement Act of 1991 ("FDICIA") requires the federal regulators to take prompt corrective action against any undercapitalized institution. FDICIA establishes five capital categories: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized, and critically undercapitalized. Capmark Bank is only considered "adequately capitalized," notwithstanding that Capmark Bank had a Tier 1 leverage ratio of 21.4% as of December 31, 2012, as compared to the FDIC's minimum Tier 1 leverage ratio of 5% for a bank to be considered "well-capitalized." See "Capital Maintenance Agreement" below.

Cease and Desist Orders

On October 2, 2009, Capmark Bank consented to the C&D Orders with the Bank Regulators requiring Capmark Bank to, *inter alia*, (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 Successor CFGI and its affiliates or issue dividends without the prior written consent or non-objection of the Bank Regulators. Capmark Bank has been and remains in compliance with the requirements of the C&D Orders, which remain in effect.

In July and November of 2012, Capmark Bank distributed a total of approximately $1.69 billion of assets to Capmark Financial Group Inc., which included substantially all of its loans and commercial real estate assets plus cash. Capmark Bank currently limits 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.

In February 2013, Capmark Bank distributed $157.1 million in cash to Capmark Financial Group Inc.

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 or non-objection of the Bank Regulators.

Capital Maintenance Agreement

In 2006, Predecessor CFGI and Capmark Bank entered into a capital maintenance agreement (the "Capital Maintenance Agreement," or "CMA") with the FDIC requiring Predecessor CFGI to contribute cash or other assets acceptable to the FDIC to Capmark Bank if it falls below "well-capitalized" status or its Tier 1 Leverage Ratio falls below 8%.

Pursuant to section 365(o) of the Bankruptcy Code, in its bankruptcy 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.

As of December 31, 2012 and 2011, Capmark Bank had stockholder's equity of $314.7 million and $1.8 billion, respectively. The following table summarizes the FDIC's well-capitalized ratio requirements and Capmark Bank's regulatory capital ratios. Since Capmark Bank is subject to the C&D Orders, it is deemed to be "adequately capitalized."

Ratio	Minimum Percentage to be "Well-Capitalized"	December 31, 2012	December 31, 2011
Tier 1 leverage ratio (1)	5.0%	21.4%	29.3%
Tier 1 risk-based capital ratio	6.0%	1,728.8%	53.8%
Total risk-based capital ratio	10.0%	1,728.8%	53.8%

Note:

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

Other

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

Capmark Bank is subject to many other federal and state statutes and regulations. These laws, rules and regulations, among other things, impose licensing obligations, limit the interest rates and fees that can be charged, limit the total loans that can be extended to any person, mandate disclosures and notices to customers, mandate the collection and reporting of certain data regarding customers, regulate marketing practices, and require the safeguarding of non-public information of customers.

The UDFI conducts a holding company supervision program intended to assess the degree to which the holding company serves as a source of financial and managerial strength to its Utah bank. The UDFI has indicated that it intends to conduct periodic on-site source of strength assessments and will evaluate financial strength (including capital, earnings, and liquidity), the risks of the holding company organizational structure and risk management practices. The supervisory program supplements the existing examination activities of the UDFI and the FDIC. The UDFI has not yet conducted an assessment of Capmark Financial Group Inc.

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

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

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

RISK FACTORS

The Company faces a variety of risks that are substantial and inherent in its business, including liquidity, credit, market, operational, legal and regulatory risks. The following are some of the more important factors that could affect the Company's business.

Risks Related to the Capitalization of the Company

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

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

2. Ability to Meet Liquidity Needs

The Company's primary source of cash is funds generated from monetization, collection and sales of and earnings on the Company's existing assets, which are generally non-performing, distressed or non-marketable. In addition, the ability of the Company to make intercompany transfers, including loans and dividends, may be affected by financial, business and other factors as well as applicable federal, state, or foreign fraudulent conveyance or dividend restriction laws. There can be no assurance the Company will be able to generate sufficient cash flow from operations or that future borrowings, if needed, will be available to enable the Company to pay the Company's obligations or to fund its other liquidity needs.

A portion of the Company's assets are owned by Capmark Bank. Currently, Capmark Bank is prohibited under C&D Orders consented to on October 2, 2009 from declaring or paying dividends or making any other form of payment representing a reduction in capital to Successor CFGI without the prior written consent or non-objection of the Bank Regulators.

3. Absence of Trading Market for Common Stock and Volatility of Trading Prices

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

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

- changes in the Company's financial performance or the value of the Company's portfolio assets;
- changes in the timing and amount of cash generated by the Company on its assets;
- changes in conditions in the commercial real estate and finance markets;
- general economic conditions and trends and other external factors, including those resulting from financial markets, commercial real estate markets, weather, catastrophic events, war, incidents of terrorism, or responses to these events;

- changes in, or new interpretations or applications of, laws and regulations applicable to the Company's business;

- significant sales of Common Stock; or

- speculation in the press or investment community regarding the Company's business, officers, employees, or facts or events that may directly or indirectly affect its business.

4. Payment of Distributions

The declaration of any future distributions by the Company is within the discretion of the Company's Board of Directors and will be dependent on the Company's financial condition, as well as any other factors deemed relevant by the Board.

Risks Associated with the Business

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

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

6. Difficulty in Retaining or Replacing Key Employees

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

7. Recovery of Less than Carrying Value of Loans or Other Real Estate Related Assets

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

The Company made loans to a number of its borrowers at higher advance rates (i.e., at higher loan to value ratios) than did many of its competitors, which may make it more difficult to sell the loans or for the borrowers to obtain replacement financing. In addition, the Company made a large number of transitional loans, which are secured by commercial properties that were either new construction or involved substantial rehabilitation and did not have sufficient cash flows at the time the loan was made to fully support the debt service payments. The significant number of such transitional loans combined with the economic downturn, has resulted in an increase in non-performing loans and corresponding decreased values for those assets.

If cash flows from the mortgaged property are insufficient to pay the debt service on the loan or refinance the mortgaged property, the loan may default and become non-performing. When a mortgage loan defaults, the Company employs various strategies to maximize its recovery on the loan, including selling the loan, negotiating a payoff with the borrower for an amount less than the outstanding principal balance, or acquiring title to the property through foreclosure proceedings or by voluntary transfer from the borrower, followed by a sale of the property. Onwed real estate is subject to risks affecting the value of real estate generally, including, without limitation, declines in property values, decreasing demand in the markets where the owned real estate is located, and the other factors discussed above, as well as specific risks relating to the particular property. Accordingly, there can be no assurance that the Company will be able to recover the carrying value of the loan or any owned real estate though the implementation of any of its recovery strategies.

The Company also holds equity positions in certain real estate funds, the value of which is subject to risks affecting the value of commercial real estate generally, including those discussed above, as well as specific risks relating to the particular properties held by the real estate funds. The Company's investments in these funds are generally in the form of a limited partnership or limited liability company interest and there can be no assurance that the Company will be able to recover the carrying value of the equity position.

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

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

9. Exemption from the Investment Company Act of 1940

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

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

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

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

- reduce the fair value of the loans that the Company holds for sale and the securities that are classified as trading or available for sale and decrease the amounts that the Company ultimately realizes upon an asset sale;

- adversely affect the Company's ability to sell financial assets, which has and could in the future adversely affect the Company's liquidity and its ability to fund operations;

- increase the rates of defaults and delinquencies on the Company's loan portfolio, including the resulting inability of borrowers to obtain financing needed to repay loans at maturity; and

- adversely impact the fair value of real estate equity investments owned by the Company.

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

11. Liabilities under Environmental Laws

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

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

The Company is subject to regulation and supervision in a number of jurisdictions. The level of regulation and supervision to which the Company is subject varies from jurisdiction to jurisdiction and is based on the type of business activities involved. See "Banking Regulation" above and Note 18 for further discussion.

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

13. Changes in Governmental Fiscal and Monetary Policies

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

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders of
Capmark Financial Group Inc.
Horsham, PA

We have audited the accompanying consolidated financial statements of Capmark Financial Group Inc. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2012 and December 31, 2011, and the related consolidated statements of comprehensive income (loss), changes in stockholders' equity, and cash flows for the year ended December 31, 2012 and for the three months ended December 31, 2011, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Capmark Financial Group Inc. and its subsidiaries as of December 31, 2012 and December 31, 2011, and the results of their operations and their cash flows for the year ended December 31, 2012 and for the three months ended December 31, 2011 in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

March 28, 2013

FINANCIAL STATEMENTS

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

	December 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents(1)	$ 1,478,882	$ 2,733,416
Restricted cash (1)	75,219	129,264
Accounts and other receivables (1)	51,496	106,888
Investment securities available for sale	4,611	595,647
Loans held for sale (1)	591,814	3,550,269
Real estate investments (1)	154,112	672,660
Equity investments	248,350	322,600
Other assets (1)	13,048	106,112
Assets of discontinued operations (1)	253,518	381,946
Total assets	$ 2,871,050	$ 8,598,802
Liabilities and Equity		
Liabilities:		
Debt	—	807,869
Other borrowings (1)	222,062	652,598
Deposit liabilities	1,018,601	3,860,332
Other liabilities (1)	127,457	261,813
Liabilities of discontinued operations (1)	114,719	177,796
Total liabilities	1,482,839	5,760,408
Commitments and Contingent Liabilities		
Equity:		
Common stock, $.001 par value; shares authorized — 110,000,000; shares issued and outstanding —100,242,722 at December 31, 2012 and 100,052,475 at December 31, 2011	100	100
Capital paid in excess of par value	1,240,834	2,692,602
Retained earnings (accumulated deficit)	90,313	(31,651)
Accumulated other comprehensive (loss) income, net of tax	(4,885)	(1,617)
Total Capmark Financial Group Inc. stockholders' equity	1,326,362	2,659,434
Noncontrolling interests	61,849	178,960
Total equity	1,388,211	2,838,394
Total liabilities and equity	$ 2,871,050	$ 8,598,802

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

(1) The following table presents assets of consolidated variable interest entities ("VIEs") included in each balance sheet line item that can be used only to settle the obligations of the consolidated VIE and liabilities of the consolidated VIE included in each balance sheet line item for which creditors or other interest holders do not have recourse to the general credit of Capmark Financial Group Inc. and its subsidiaries. See Note 10 for further discussion.

	December 31, 2012	December 31, 2011
Assets		
Cash and cash equivalents	$ —	$ 2,949
Restricted cash	49,663	72,626
Accounts and other receivables	1,055	4,757
Loans held for sale	181,794	266,779
Real estate investments	22,225	115,850
Other assets	1,482	3,362
Assets of discontinued operations	65,606	240,062
Total assets	$ 321,825	$ 706,385

	December 31, 2012	December 31, 2011
Liabilities		
Other borrowings	$ 4,903	$ 6,079
Other liabilities	2,011	12,315
Liabilities of discontinued operations	13,580	73,482
Total liabilities	$ 20,494	$ 91,876

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

	Year ended December 31, 2012	Three months ended December 31, 2011
Net Interest Income		
Interest income	$ 108,985	$ 46,370
Interest expense	48,675	27,820
Net interest income	60,310	18,550
Noninterest Income		
Net gains (losses) on loans	179,019	(21,904)
Net losses on investments and real estate	(10,733)	(6,565)
Other (losses) gains, net	(12,226)	2,193
Equity in income of joint ventures and partnerships	25,452	12,405
Fee revenue	3,527	1,755
Net real estate investment and other income	(333)	(738)
Total noninterest income	184,706	(12,854)
Net revenue	245,016	5,696
Noninterest Expense		
Compensation and benefits	63,580	14,337
Professional fees	32,034	28,898
Occupancy and equipment	9,498	1,225
Other expenses	27,599	7,645
Total noninterest expense	132,711	52,105
Income (loss) from continuing operations before income tax benefit	112,305	(46,409)
Income tax benefit	(1,700)	(3,511)
Income (loss) from continuing operations after income tax benefit	114,005	(42,898)
Loss from discontinued operations, net of tax (includes gain on sale of $33,147 and $1,278 respectively)	(44,329)	(11,923)
Net income (loss)	69,676	(54,821)
Plus: Net loss attributable to noncontrolling interests	52,288	23,170
Net income (loss) attributable to Capmark Financial Group Inc.	$ 121,964	$ (31,651)
Other comprehensive income (loss)		
Net unrealized gain on investment securities	2,300	1,250
Net foreign currency translation	(5,568)	(2,867)
Other comprehensive income (loss)	(3,268)	(1,617)
Comprehensive income (loss) attributable to Capmark Financial Group Inc.	$ 118,696	$ (33,268)
Basic and diluted net income (loss) per share - continuing operations	$ 1.67	$ (0.21)
Basic and diluted net loss per share - discontinued operations	(0.45)	(0.13)
Basic and diluted net income (loss) per share attributable to Capmark Financial Group Inc.	1.22	(0.34)
Basic weighted average shares outstanding	99,607	92,890
Diluted weighted average shares outstanding	99,734	92,890

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

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

	Year ended December 31, 2012	Three months ended December 31, 2011
Common Stock		
Balance at beginning of period	$ 100	$ 100
Additional shares issued	—	—
Balance at end of period	100	100
Capital Paid in Excess of Par Value		
Balance at beginning of period	2,692,602	2,690,800
Additional shares issued	—	—
Shareholder distributions	(1,454,296)	—
Treasury shares retired.	(648)	—
Stock-based compensation	3,176	1,802
Balance at end of period	1,240,834	2,692,602
Retained Earnings (Accumulated Deficit)		
Balance at beginning of period	(31,651)	—
Net income (loss) attributable to Capmark Financial Group Inc.	121,964	(31,651)
Balance at end of period	90,313	(31,651)
Accumulated Other Comprehensive (Loss) Income, net of tax		
Balance at beginning of period	(1,617)	—
Other comprehensive (loss) income	(3,268)	(1,617)
Balance at end of period	(4,885)	(1,617)
Total Capmark Financial Group Inc. Stockholders' Equity	1,326,362	2,659,434
Noncontrolling Interests		
Balance at beginning of period	178,960	469,414
Net loss attributable to noncontrolling interests	(52,288)	(23,170)
Other comprehensive (loss) income attributable to noncontrolling interests	—	—
Other (includes impact of sale of discontinued operations assets)	(64,823)	(267,284)
Balance at end of period	61,849	178,960
Total Equity	$ 1,388,211	$ 2,838,394

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

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

	Year ended December 31, 2012	Three months ended December 31, 2011
Operating Activities of Continuing Operations		
Net income (loss).	$ 69,676	$ (54,821)
Net loss from discontinued operations	(44,329)	(11,923)
Net income (loss) from continuing operations	114,005	(42,898)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities of continuing operations:		
Net (gains) losses	(156,060)	24,327
Net accretion of fresh start accounting adjustments	(65,242)	(23,954)
Equity in net gains of investees and cash return on investment	(22,970)	(9,612)
Stock-based compensation expense	3,380	1,801
Other, net	9,430	(1,760)
Net change in assets and liabilities which provided (used) cash:		
Accounts and other receivables	91,306	28,100
Other assets	90,493	9,883
Other liabilities	(108,017)	(42,245)
Current taxes payable	111	201
Funding advances for loans held for sale	—	(5,985)
Proceeds from sales of/payments from loans held for sale	3,075,582	742,215
Net cash provided by operating activities of continuing operations	3,032,018	680,073
Investing Activities of Continuing Operations		
Net decrease in restricted cash	54,045	351,264
Proceeds from sales of investment securities classified as available for sale	18,916	—
Repayments of investment securities classified as available for sale	570,657	106,431
Proceeds from sales of real estate investments	281,577	67,982
Proceeds from sales of/capital distributions from equity investments	101,463	20,572
Other investing activities, net	(1,689)	(734)
Net cash provided by investing activities of continuing operations	1,024,969	545,515
Financing Activities of Continuing Operations		
Repayments of debt	(738,959)	(550,310)
Repayments of other borrowings	(427,810)	—
Transfer of deposit liabilities	(874,026)	—
Repayment of deposit liabilities	(1,909,451)	(37,752)
Distribution to shareholders	(1,454,296)	—
Other financing activities, net	2,348	(589)
Net cash used in financing activities of continuing operations	(5,402,194)	(588,651)
Effect of Foreign Exchange Rates on Cash	(89)	(955)
Discontinued Operations		
Net cash (used in) provided by operating activities of discontinued operations	(18,192)	9,204
Net cash provided by investing activities of discontinued operations	259,613	66,927
Net cash used in financing activities of discontinued operations	(65,016)	—
Net cash provided by discontinued operations	176,405	76,131
Net (Decrease) Increase in Cash and Cash Equivalents	(1,168,891)	712,113
Cash and Cash Equivalents, Beginning of Period(1)	2,737,811	2,025,698
Cash and Cash Equivalents, End of Period(1) (2)	$ 1,568,920	$ 2,737,811

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

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

	Year ended December 31, 2012	Three months ended December 31, 2011
Supplemental Disclosures of Cash Flow Information:		
Income taxes refunded, net	$ 11,248	$ 372
Interest paid	143,276	46,386
Non-cash Investing and Financing Activities:		
Transfer of loans held for sale to real estate	20,309	79,517
Transfer of real estate to loans held for sale	14,549	—

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 $150.4 million from continuing and discontinued operations and include non-restricted cash of discontinued operations of $90.0 million, respectively as of December 31, 2012.

CAPMARK FINANCIAL GROUP INC.
Notes to Consolidated Financial Statements

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". See Note 22 for further discussion. Certain of the Debtors, including Capmark Financial Group Inc. (Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as "Successor CFGI" or "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 is effective for fourteen of the Debtors (the "Reorganized Debtors"), however, there were twelve Debtors which remained in bankruptcy as of December 31, 2012. The remaining Debtors are primarily managing member entities associated with the Company's low-income housing tax credit ("LIHTC") business.

In accordance with the Plan, on the Effective Date, the existing common stock of Predecessor CFGI was cancelled and new Successor CFGI common stock ("Common Stock") was authorized for issuance. In addition, on the Effective Date, the existing debt securities of Predecessor CFGI and the related guarantees provided by certain of its subsidiaries were discharged. On the Effective Date, Successor CFGI issued $1.25 billion of new secured debt securities ("Secured Notes") which were guaranteed and secured by the assets of certain of its domestic subsidiaries, excluding Capmark Bank. In accordance with the Plan, a combination of cash, Secured Notes and Common Stock was distributed to the Plan disbursing agent on behalf of the holders of general unsecured claims against the Reorganized Debtors in satisfaction of their claims.

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

The Company currently operates primarily through the following subsidiaries:

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

Capmark Bank is a Utah chartered industrial bank and a wholly-owned subsidiary of Successor CFGI ("Capmark Bank"). Deposits maintained by Capmark Bank are eligible for insurance by the Federal Deposit Insurance Corporation ("FDIC"). Capmark Bank is subject to regulation and periodic examination by the Utah Department of Financial Institutions ("UDFI") and the FDIC and is required to pay applicable FDIC insurance premiums and comply with applicable capital adequacy requirements, limitations on transactions with affiliates, and other federal and state banking regulations.

2. Risks and Uncertainties

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

The Company's primary exposure to credit risk arises from its owned real estate and its relationships with borrowers who may default and potentially cause the Company to incur losses if it is unable to collect amounts due through loss mitigation strategies. Changes in credit risk are evaluated in the context of estimating the fair values of loans held for sale. Negative trends in the financial position of borrowers, values of collateral underlying loans, and delinquencies and defaults on loans may materially adversely affect the Company's results of operations.

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

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

3. Basis of Presentation and Summary of Significant Accounting Policies

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"). 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 as discussed below. All significant intercompany accounts and transactions have been eliminated in consolidation. As detailed in Note 3, the consolidated balance sheet includes the effects of adopting fresh start accounting upon emergence from bankruptcy.

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

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

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

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

Significant Accounting Policies and Recently Issued Accounting Standards

Fresh Start Accounting

The Company adopted fresh start accounting in accordance with the provisions of ASC 852, *Reorganizations*, ("ASC 852") as of September 30, 2011 as discussed in Note 22. Accretion and recognition of certain fresh start accounting adjustments had a significant impact on the statement of comprehensive income (loss) for the year ended December 31, 2012 and for the three months ended December 31, 2011. In the year ended December 31, 2012, the accretion related impacts primarily included a $62.9 million decrease in interest expense comprised of $71.1 million for the accretion of the fresh start accounting premium for the deposit liabilities and Federal Home Loan Bank of Seattle ("FHLB") borrowings at Capmark Bank offset by $8.2 million for accretion of the fresh start accounting net discount on debt. In the three months ended December 31, 2011, the accretion related impacts primarily included a $24.0 million decrease in interest expense comprised of $29.1 million for the accretion of the fresh start accounting premium for the deposit liabilities and FHLB borrowings at Capmark Bank offset by $5.2 million for accretion of the fresh start accounting net discount on debt. See Note 22 for additional information.

Cash, Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash in banks and in overnight investments. The Company also considers all highly liquid investments with an original maturity of 90 days or less to be cash equivalents. Cash equivalents are reported at cost, which approximates fair value. Restricted cash represents cash that is restricted as to withdrawal or usage and includes amounts required to be maintained in escrow under certain of the Company's debt obligations, amounts required to meet certain regulatory liquidity ratios, and cash held by the Company's consolidated low-income housing tax credit funds that is required to be held in accordance with third-party investor agreements.

Classification, Valuation, and Impairment of Investment Securities

In accordance with ASC 320, *Investments - Debt and Equity Securities* ("ASC 320"), the classification of investment securities is based on management's intent with respect to those securities. Investment securities classified as trading are carried at estimated fair value with unrealized gains and losses recognized in current period earnings. Investment securities classified as available for sale are carried at estimated fair value with unrealized gains and losses reported as a component of accumulated other comprehensive income, net of tax, which is a component of stockholders' equity. Realized gains and losses on the sale of investment securities are determined using the specific identification method and recognized in current period earnings. Interest income is recorded using the interest method which is reviewed and adjusted periodically based on changes in estimated cash flows.

Investment securities classified as available for sale are periodically reviewed for potential impairment. Impairment is measured using a systematic methodology intended to consider all available evidence. If the carrying value of an investment security exceeds its estimated fair value, the Company evaluates, among other factors, the magnitude and duration of the decline in estimated fair value, the performance of the underlying assets, and the Company's intent and ability to hold the asset until its value recovers. The Company evaluates unrealized losses to identify those impairments that would be considered other-than-temporary. The Company's evaluation includes a credit analysis of its investment securities based on the preparation of cash flow projections reflecting its monitoring of the underlying assets and relevant market information. Impairments considered other-than-temporary typically result from a decline in the projected cash flows due to increased loss projections and the Company's determination that the impairments will not otherwise be recovered. Once a decline in estimated fair value is determined to be other-than-temporary, an impairment charge is recorded in the Company's consolidated statement of comprehensive income (loss) as a component of net (losses) gains on investments and real estate and a new cost basis is established.

Loans Held for Sale

Loans held for sale consist of domestic and international, fixed and floating rate loans that are secured by commercial and multifamily real estate properties. Loans are typically classified as held for sale at the time of origination when the Company does not intend to hold the loan for the foreseeable future or until maturity or payoff. The Company regularly reviews the appropriateness of its loan classifications based on a number of factors, including market demand for the Company's loan products, liquidity needs and corporate objectives.

Loans held for sale are carried at the lower of cost or fair value. Therefore, the Company's operating results would be negatively affected by changes in the fair value if one or more of its loans were valued lower than amortized cost.

For valuation purposes of the loans held for sale portfolio, the individual loan basis may be used in determining the lower of cost or fair value for each type of loan consistent with the guidance in ASC 948-10, *Financial Services – Mortgage Banking* ("ASC 948"). A current fair value for each individual loan was determined with emphasis that the fair value of an asset was a market-based measurement which was determined based upon the assumptions that market participants would use in pricing the loan.

The fair values of the Company's loans held for sale are generally determined using a pricing model based on current market information obtained from external sources, including, when available, interest rates, whole loan spreads for each property type based on loan-to-value ratios of collateral and other factors, and bids or indications provided by market participants on specific loans that are actively marketed for sale. In addition, the impact of potential extensions, interest-rate floors and unfunded commitments on the Company's floating rate loan portfolio are taken into consideration when determining the fair value for each loan. The Company also considers the fair value of collateral in estimating the fair value of certain loans along with the borrowers' credit status. Although the Company bases its loan valuations on actual observable inputs to the extent possible, the valuations typically require significant judgment and therefore are estimates. Changes in market conditions, collateral values and other factors between the dates of management's estimates and the dates of disposition of the loans can have a significant impact on the amounts ultimately realized upon disposition. Generally, the Company's loans held for sale are classified within Level 3 of the valuation hierarchy.

Interest income on these loans is recorded as a component of interest income in the consolidated statement of comprehensive income (loss). Interest income on loans held for sale is recorded on an accrual basis. Interest income is accrued until the loans become 90 days contractually delinquent at which time accrued but uncollected interest is reversed against interest income.

In connection with its business plans upon emergence from bankruptcy as discussed in Note 22, the Company classified all of its loans as held for sale. The Company periodically reviews its loan portfolio to determine whether any changes in classification should be made between "held for sale" and "held for investment." The Company classifies a loan as "held for investment" when it intends to hold the loan for the foreseeable future or until maturity or payoff. The Company defines "foreseeable future" based upon what it believes to be reasonable under the circumstances, including events and conditions that the Company can reasonably anticipate. The Company considers many factors in determining what the "foreseeable future" is including: its financial condition and liquidity positions; its anticipated capital requirements; its business strategy and operating plans; the current and expected economic environment and market conditions; and the nature and type of loans, including expected durations. The consideration of many of these factors requires the Company to make forward-looking evaluations for a period of time not less than twelve months. Beyond the twelve-month period, the Company is less confident in its ability to predict future events. If the Company is aware of any specific events which are likely to occur beyond the twelve-month period but prior to a loan's maturity or payoff, the Company considers such events in its evaluation. Based upon its analysis of the factors and all other relevant information, the Company determines whether the loan should be classified as either "held for sale" or "held for investment."

Real Estate Investments

Real estate investments include real estate acquired through foreclosure, held for sale and held for investment. The Company transfers loan assets to real estate acquired through foreclosure when it holds title or deed to the underlying collateral or if it determines that the Company has substantive control of the underlying collateral. Real estate acquired through foreclosure is initially recorded at estimated fair value less costs to sell and subsequently carried at the lower of cost or estimated fair value less costs to sell and any related valuation allowances. Real estate held for sale is expected to be disposed of by sale within one year. The designation and carrying value of such assets are determined in accordance with ASC 360. Real estate held for sale is carried at the lower of cost, including impairments, or estimated fair value less costs to sell and is not depreciated. Real estate held for investment is carried at cost less accumulated depreciation and is periodically reviewed for impairment in accordance with ASC 360.

Equity Investments

The Company acquired and holds non-marketable equity positions in certain real estate funds. Such equity positions are generally in the form of limited partnership and limited liability company investments and are accounted for under the equity method. The investments made by certain of these funds are carried by the funds at estimated fair value and, accordingly, the Company's equity in the earnings of the investees includes both net investment income and net realized and unrealized gains and losses. Valuations of the underlying investments in such funds are subject to many of the same risks and uncertainties affecting the valuations of the Company's directly-owned loans and real estate, and the Company's operating results are affected to the extent of its equity interests in such funds.

Non-marketable equity investments that are not carried at fair value, as described above, are reviewed for impairment. In evaluating whether a decline in value of an equity investment is other-than-temporary, the Company evaluates the investee's ability to generate and sustain an earnings capacity that would support the carrying value of the investment, as well as the Company's ability and intent to hold the investment until the decline in value is recovered. When it is determined that other-than-temporary impairment has occurred, the Company records a charge for the difference between the investment's carrying value and its fair value. As of December 31, 2012 and 2011, the Company had no equity investments where an other-than-temporary impairment had occurred.

As further discussed in Note 7, Capmark Bank holds an investment in FHLB capital stock that is carried at cost and evaluated for impairment at each reporting date, which requires a degree of judgment. The Company evaluates whether any decline is other-than-temporary and if so, whether it affects the ultimate carrying value of the FHLB stock. The evaluation is influenced by the materiality of the carrying amount and whether the Company has a need to dispose of the stock in the foreseeable future and, if so, for an amount other than par value. The FHLB capital stock can only be sold back to the FHLB or to another member institution at par value. In management's judgment, conditions were absent that would justify an impairment of the FHLB capital stock investment and as such as of December 31, 2012 and 2011, the Company has recognized no impairments.

Debt and Other Borrowings

The Company accounts for its debt at amortized cost. The Company also has secured borrowings related to transfers of financial assets that do not qualify as sales under ASC 860, *Transfers and Servicing* ("ASC 860") and are accounted for as financings. These transactions relate to the Company's new markets tax credit ("NMTC") business. The funds received are recorded as liabilities in other borrowings on the consolidated balance sheet. These liabilities are generally payable from the cash flows of the related assets which did not meet derecognition criteria under GAAP and continue to be recognized on the Company's consolidated balance sheet as restricted cash or loans held for sale. The Company also has secured borrowings related to advances from the FHLB.

Deposit Liabilities—Brokered CDs and Institutional Time Deposits

The Company accounts for brokered certificates of deposit ("Brokered CDs") and institutional time deposits at amortized cost.

Accounting for Income Taxes

The Company accounts for income taxes under the asset and liability method in accordance with ASC 740, *Income Taxes* ("ASC 740"). Under ASC 740, 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. Adjustments to tax assets and liabilities are recorded through income tax expense. The Company classifies interest and penalties related to unrecognized tax benefits as income tax expense.

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

The valuation of deferred tax assets requires significant judgment. The Company's accounting for deferred tax consequences of events that have been recognized in its financial statements and its future taxable income represent management's best estimate of those future events.

Stock-Based Compensation

The unrecognized compensation expense related to performance based nonvested shares is amortized to compensation expense over the vesting period of the award if the performance condition is considered probable. Any previously recognized compensation cost would be reversed if the performance condition is not satisfied or if it is not probable that the performance condition will be achieved. The liabilities incurred under stock-based compensation arrangements are measured at fair value. Compensation expense related to nonvested shares with a service condition are measured at fair value on the grant date and recognized in the income statement, on a straight-line basis, over the applicable vesting periods for all share-based payments. Fair value is determined by the market price on the grant or measurement date.

Earnings Per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted-average number of Common Stock outstanding during the period. Diluted earnings per share is determined using the weighted-average number of Common Stock outstanding during the period, adjusted for the dilutive effect of common stock equivalents, consisting of nonvested shares. In periods where losses are reported, the weighted-average number of diluted Common Stock outstanding excludes common stock equivalents, because their inclusion would be anti-dilutive.

Discontinued Operations

ASC 205-20, *Discontinued Operations* ("ASC 205-20"), sets forth the presentation and reporting requirements for discontinued operations of a component of an entity. A component of an entity comprises operations and cash flows that can be clearly distinguished, operationally and for financial reporting purposes, from the rest of the entity. The results of operations of a component of an entity that either has been disposed of or is classified as held for sale shall be reported in discontinued operations if both of the following conditions are met: (a) the operations and cash flow of the component have been (or will be) eliminated from the ongoing operations of the enterprise as a result of the disposal transaction and (b) the entity will not have any significant continuing involvement in the operations of the component after the disposal transaction. In a period in which a component of an entity either has been disposed of or is classified as held for sale, the income statement of a business entity for current and prior periods shall report the results of operations of the component, including any gain or loss recognized, in discontinued operations. The results of operations of a component classified as held for sale are reported in discontinued operations in the period in which they occur. The results of discontinued operations, less applicable income tax provision (benefit), shall be reported as a separate component of income before extraordinary items (if applicable).

Recently Issued Accounting Standards

In May 2011, the FASB issued ASU 2011-04, *Fair Value Measurements (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in US GAAP and IFRS* ("ASU 2011-04"). Included in the guidance are conforming amendments to International Financial Reporting Standards which do not change the application of ASC 820, *Fair Value Measurements and Disclosures* ("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 comprehensive income (loss). In December 2011, the FASB indefinitely 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 reflected 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 did not 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, and interim periods therein. 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.

In January 2013, the FASB issued ASU 2013-01, *Balance Sheet (Topic 210): Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities* ("ASU 2013-01"). The update clarifies which instruments and transactions are subject to the offsetting disclosure requirements established by ASU 2011-11, and limits the scope of the offsetting disclosures to only derivatives accounted for in accordance with ASC 815, *Derivatives and Hedging*. The update is effective for annual periods beginning on or after January 1, 2013, and interim periods therein. 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 February 2013, the FASB issued ASU 2013-02, *Comprehensive Income (Topic 220): Reporting Amounts Reclassified Out of Accumulated Other Comprehensive Income* ("ASU 2013-02"). The update adds new disclosure requirements for items reclassified out of accumulated other comprehensive income ("AOCI"). The ASU is intended to help entities improve the transparency of changes in other comprehensive income ("OCI") and items reclassified out of AOCI in their financial statements by requiring entities to disclose additional information about reclassification adjustments, including (1) changes in AOCI balances by component and (2) significant items reclassified out of AOCI. It does not amend any existing requirements for reporting net income or OCI in the financial statements. The new disclosure requirements are effective for fiscal years, and interim periods within those years, beginning after December 15, 2012. The adoption of the guidance in ASU 2013-02 is not expected to have a material effect on the Company's consolidated financial statements.

In March 2013, the FASB issued ASU 2013-05, *Foreign Currency Matters (Topic 830): Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity* ("ASU 2013-05"). The update clarifies when a reporting entity (parent) ceases to have a controlling financial interest in a subsidiary or a group of assets that is a business (other than a sale of in substance real estate or the conveyance of oil and gas mineral rights) within a foreign entity, the parent is required to apply the guidance ASU 830-30, *Translation of Financial Statements*, to release any related cumulative translation adjustment into net income. Accordingly, the cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets had resided. The update is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. The adoption of the guidance in ASU 2013-05 is not expected to have a material effect on the Company's consolidated financial statements.

4. 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):

	December 31, 2012				December 31, 2011			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
GSE securities	$ —	$ —	$ —	$ —	$ 323,905	$ 123	$ —	$ 324,028
Commercial paper	—	—	—	—	249,865	5	—	249,870
Other securities	1,246	3,365	—	4,611	20,639	1,110	—	21,749
Total	$ 1,246	$ 3,365	$ —	$ 4,611	$ 594,409	$ 1,238	$ —	$ 595,647

The Company had pledged investment securities classified as available for sale with a fair value $322.6 million as of December 31, 2011, primarily to support advances received by Capmark Bank from the FHLB. The Company did not have investment securities classified as available for sale pledged as of December 31, 2012.

Realized gains and losses are recorded as a component of net losses on investments and real estate on the consolidated statement of comprehensive income (loss). In the year ended December 31, 2012, the Company had gross realized gains of $1.1 million on sales of investment securities classified as available for sale and the related proceeds received on such sales was $18.9 million. The Company also had $570.7 million of debt securities that reached maturity or were redeemed in the year ended December 31, 2012. The Company did not have any sales of investment securities available for sale for the three months ended December 31, 2011.

The Company recognized $4.7 million of impairments on investment securities available for sale that were considered other-than-temporary impairment in the year ended December 31, 2012. No such impairments were recognized in the three months ended December 31, 2011.

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

	Amortized cost
Due in one year or less	$ 240
Due after one year through five years	199
Due after five years through ten years	—
Due after ten years	807
Total	$ 1,246

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

5. 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):

Collateral type	December 31, 2012 Carrying amount	December 31, 2012 Percent of portfolio	December 31, 2011 Carrying amount	December 31, 2011 Percent of portfolio
Hospitality	$ 83,830	14%	$ 1,089,273	31%
Retail	67,945	11	272,933	8
Office	46,714	8	505,555	14
Multifamily	34,517	6	467,685	13
Healthcare	21,338	4	600,070	17
Mixed-use and other(1)	337,470	57	614,753	17
Total	$ 591,814	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):

Location	December 31, 2012 Carrying amount	December 31, 2012 Percentage of portfolio	December 31, 2011 Carrying amount	December 31, 2011 Percentage of portfolio
Metropolitan New York	$ 132,722	22%	$ 219,015	6%
Phoenix	106,672	18	143,221	4
New Haven	51,729	9	55,230	2
Boston	35,695	6	171,837	5
Birmingham	25,062	4	20,408	1
Seattle	22,837	4	60,065	1
Dallas	16,531	3	157,228	4
Southern California	16,249	3	312,117	9
Atlanta	9,575	2	139,532	4
Washington D.C.	2,748	—	159,914	5
Chicago	—	—	298,043	8
Orlando	—	—	171,142	5
Other—North America	156,284	26	1,566,663	44
Europe	15,710	3	66,530	2
Asia	—	—	9,324	—
Total	$ 591,814	100%	$ 3,550,269	100%

The Company had $78.7 million and $857.0 million of loans held for sale on nonaccrual status as of December 31, 2012 and 2011, respectively. The Company transferred $20.3 million of loans held for sale to real estate acquired through foreclosure in year ended December 31, 2012.

The Company had pledged loans held for sale with a carrying amount totaling $172.4 million and $464.4 million as of December 31, 2012 and 2011, respectively, to support debt obligations. As of December 31, 2012, the $172.4 million of loans held for sale were pledged as collateral for the secured borrowings for transactions that do not qualify as sales under ASC 860. As of December 31, 2011, $252.7 million of loans held for sale were pledged as collateral for the payment of FHLB borrowings and $211.7 million were pledged as collateral for the secured borrowings for transactions that do not qualify as sales under ASC 860.

In June 2012, Capmark Bank and Capmark Finance completed the sale of two portfolios of loans held for sale to an unaffiliated financial institution. The aggregated unpaid principal balance of these portfolios was approximately $911 million for 54 loans held for sale. Approximately 97% of the aggregated portfolios were owned by Capmark Bank. The Company recognized a pre-tax gain on sale of approximately $53.1 million in the year ended December 31, 2012.

In August 2012, Capmark Finance closed the sale of a portfolio of 15 healthcare commercial mortgage loans held for sale with an aggregate unpaid principal balance of approximately $247 million to an unaffiliated institution. The Company recognized a pre-tax loss on sale of approximately $5.9 million in the year ended December 31, 2012.

In November 2012, Capmark Finance closed the sales of 25 hospitality loans held for sale with an aggregate unpaid principal balance of approximately $485 million to two unaffiliated institutions. The Company recognized a pre-tax gain on sale of approximately $21.4 million in the year ended December 31, 2012.

The gains and losses on the loans held for sale portfolio transactions were recorded as a component of net gains on loans on the consolidated statement of comprehensive income (loss) in the year ended December 31, 2012.

6. Real Estate Investments

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

	December 31, 2012		December 31, 2011		
	North America	Total	North America	Asia	Total
Acquired through foreclosure	$ 154,112	$ 154,112	$ 450,169	$ 51,431	$ 501,600
Held for sale	—	—	—	118,976	118,976
Held for investment, net of depreciation	—	—	—	52,084	52,084
Total	$ 154,112	$ 154,112	$ 450,169	$ 222,491	$ 672,660

Real estate acquired through foreclosure did not include any assets classified as in-substance foreclosure as of December 31, 2012. Real estate acquired through foreclosure included seven assets totaling $76.7 million classified as in-substance foreclosure as of December 31, 2011. See Note 12 for further information on the former Asian Operations segment included in discontinued operations.

The following table summarizes the Company's real acquired through foreclosure by collateral type (in thousands):

	December 31, 2012		December 31, 2011	
Collateral Type	Amount	Percentage	Amount	Percentage
Office	$ 59,655	39%	$ 181,311	36%
Retail	13,087	8	93,499	19
Multifamily	6,591	4	15,908	3
Hospitality	5,073	4	60,822	12
Mixed-use and other	69,706	45	150,060	30
Total	$ 154,112	100%	$ 501,600	100%

7. Equity Investments

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

	December 31, 2012		December 31, 2011	
	Carrying amount	Percent of portfolio	Carrying amount	Percent of portfolio
Investments in real estate investment funds and other real estate ventures	$ 145,283	58%	$ 202,779	63%
Investment in the capital stock of FHLB	56,946	23	57,979	18
Investments in entities that hold foreclosed real estate assets in the United States	41,178	17	53,722	17
Other	4,943	2	8,120	2
Total	$ 248,350	100%	$ 322,600	100%

Investments in real estate investment funds and other real estate ventures. The Company made investments in real estate partnerships in the United States and Europe; limited liability companies in the form of limited or member ownership interests in the United States; and companies in the form of unit trust or share ownership interests in Europe. These equity funds in the United States invest in various real estate ventures with real estate developers. The remaining commitments are solely for existing assets and fund operations.

Investment in the capital stock of FHLB. Capmark Bank holds an investment in the capital stock of the FHLB that was required in connection with its borrowings from the FHLB and is considered restricted stock. See Note 8 for further discussion of the secured funding facility with the FHLB. Capmark Bank no longer has borrowings with the FHLB and will continue to hold an excess FHLB capital stock position for an unspecified period of time. The FHLB had suspended repurchases of excess capital stock in December 2008. In October 2010, the FHLB entered into a consent order with its primary regulator, the Federal Housing Finance Agency ("FHFA") which stipulated that once the FHLB reached and maintained certain financial metrics and other operational thresholds and with FHFA approval, the FHLB could begin repurchasing member capital stock at par value. In September 2012, the FHLB announced that it would repurchase up to $25 million of excess capital stock per quarter at par on a pro-rata basis across all FHLB shareholders. The FHLB repurchased $1.0 million of Capmark Bank's capital stock pursuant to these quarterly share redemptions in 2012. At the current rate of redemption, the Company would be able to redeem approximately $2.0 million of its FHLB stock per year.

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

Other. Other primarily includes equity investments accounted for under the cost method.

8. Debt and Other Borrowings

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

	December 31, 2012		December 31, 2011	
	Carrying amount	Contractual amount	Carrying amount	Contractual amount
Secured notes	$ —	$ —	$ 733,246	$ 738,959
Japanese settlement agreement (1)	—	—	74,623	110,850
Total debt	—	—	807,869	849,809
FHLB borrowings	—	—	393,795	391,069
Other borrowings	222,062	222,062	258,803	258,803
Total other borrowings	222,062	222,062	652,598	649,872
Total	$ 222,062	$ 222,062	$ 1,460,467	$ 1,499,681

Note:

(1) Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of June 30, 2012. See Note 12 for further information about the carrying amount and contractual amount of the Japanese settlement agreement and discontinued operations.

Total borrowings as of December 31, 2012 were U.S. dollar denominated. The Company had both U.S. dollar and non-U.S. dollar denominated borrowings as of December 31, 2011, which included $1.4 billion funded in U.S. dollars and $74.6 million funded in Japanese yen. As of December 31, 2012, total borrowings consisted of $219.4 million issued at a fixed rate and $2.6 million issued at a variable rate. As of December 31, 2011, total borrowings consisted of $349.2 million issued at a fixed rate and $1.1 billion issued at a variable rate.

Secured Notes

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

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

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

Pursuant to the terms of the indenture governing the Secured Notes, the Company elected to discharge the indenture and deposited sufficient funds in trust with the indenture trustee on August 7, 2012. The Secured Notes were fully repaid on September 5, 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.

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	88,346	September 5, 2012	Full

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

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

On the commencement date of the bankruptcy, the beneficial owners of the Japanese Yen denominated portions of the Credit Agreement (the "Japanese Lenders") were owed ¥41.5 billion (approximately $450.1 million) (referred to herein as the "Japanese Loans"). Additionally, the Japanese Borrowers owed Predecessor CFGI and Capmark Finance approximately ¥102.7 billion (approximately $1.1 billion) under their intercompany loan agreements. In a settlement agreement approved by the Bankruptcy Court in January 2011 (the "Japanese Settlement Agreement"), the Japanese Borrowers agreed to an initial cash distribution to the Japanese Lenders, Predecessor CFGI and Capmark Finance in partial satisfaction of the outstanding amounts as well as all accrued and unpaid interest through the date of the distribution. In addition, future cash flows from the monetization of certain assets from the Japanese Borrowers operations are to be distributed, on a pro rata basis based upon the outstanding principal balance of the Japanese Loans and intercompany loans. The Japanese Settlement Agreement also provided for the allowance of a guarantee claim against Predecessor CFGI and its subsidiaries in an amount equal to 85 percent of the Japanese Loans as well as a commitment that insolvency proceedings would not be pursued against the

Japanese Borrowers. Under the Plan, an initial distribution of $113.0 million in cash and Secured Notes along with 5.2 million shares of Common Stock was made on September 30, 2011 to the Plan's disbursing agent for the benefit of the Japanese Lenders in respect of their guarantee claim and the value of such consideration was deemed a repayment of principal outstanding on the Japanese Loans. Pursuant to the Plan, the claims of the Japanese Lenders under the guarantees of the Japanese Loans were discharged against Successor CFGI and the other Reorganized Debtors. Consequently, the Japanese Borrowers are the only obligors on the remaining balance of the Japanese Loans under the terms of the Japanese Settlement Agreement. In accordance with the Japanese Settlement Agreement, distributions to the Japanese Lenders, including other payments made with respect to the Japanese guarantee claim, shall not exceed 100% of the outstanding principal amounts due under the Japanese Loans at the effective date of the settlement agreement, plus any interest that has accrued on the outstanding amount thereof.

In accordance with the Japanese Settlement Agreement, the Japanese Borrowers 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
October 5, 2012	1,708,505	21,716

The amount owed under the Japanese Settlement Agreement at December 31, 2012 is ¥4.4 billion (approximately $51.0 million) and at December 31, 2011 is ¥8.5 billion (approximately $110.9 million) and is reported on the consolidated balance sheet at its carrying value of $24.5 million in liabilities of discontinued operations and $74.6 million in debt, respectively.

Other borrowings

Capmark Bank had entered into a secured funding facility with the FHLB. Borrowings under this arrangement provided for long-term funding that is collateralized with loans or investment securities that meet the eligibility requirements. The borrowings were issued at terms ranging from five to seven years. Interest rates are fixed or variable based on market rate indices and interest is generally paid monthly. The Company had $393.8 million of indebtedness outstanding under this facility as of December 31, 2011 and no indebtedness outstanding as of December 31, 2012.

The Company has secured borrowings related to the NMTC business resulting from transfers of financial assets. These transfers of financial assets do not qualify as sales under ASC 860 generally as a result of the Company's continuing rights to proceeds related to the financial assets transferred and therefore the transfers of financial assets are accounted for as financings.

Management believes that the Company was in compliance with its covenant requirements for all other borrowings as of December 31, 2012.

Maturities

The following table reflects the scheduled contractual maturity of the Company's borrowings as of December 31, 2012 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	$ 98,637
2014	22,909
2015	89,328
2016	11,188
Total other borrowings	$ 222,062

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. As noted above, 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 following the discharge on August 7, 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)				
	December 31, 2012		December 31, 2011		
	Other Secured Borrowings	Total	FHLB Borrowings	Other Secured Borrowings	Total
Restricted cash	$ 43,932	$ 43,932	$ —	$ 64,277	$ 64,277
Accounts and other receivables	9,782	9,782	—	—	—
Investment securities available for sale	—	—	322,550	—	322,550
Loans held for sale	172,352	172,352	252,672	211,732	464,404
Total assets pledged as collateral (1)	$ 226,066	$ 226,066	$ 575,222	$ 276,009	$ 851,231
Related secured borrowings	$ 219,789	$ 219,789	$ 393,795	$ 256,637	$ 650,432

Note:

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

As of December 31, 2012 there were no borrowings outstanding with the FHLB and no assets pledged as collateral. As of December 31, 2012 and 2011, there were no borrowings outstanding with the Federal Reserve Bank, however as of December 31, 2011, $19.4 million of loans held for sale were pledged as collateral.

9. Deposit Liabilities

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

	December 31, 2012		December 31, 2011	
	Carrying value	Contractual amount	Carrying value	Contractual amount
Brokered certificates of deposit	$ 1,018,601	$ 1,001,206	$ 3,687,037	$ 3,564,617
Institutional time deposits	—	—	173,295	172,929
Total	$ 1,018,601	$ 1,001,206	$ 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 agreed to assume $834.2 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 closed on August 30, 2012 and included the transfer of $826.9 million of Capmark Bank's Brokered CDs and a payout of $7.3 million to holders of Capmark Bank's Brokered CDs who elected such option. The Company recorded a net pre-tax loss on the transfer of approximately $12.4 million in the year ended December 31, 2012. The loss was recorded as a component of noninterest income on the consolidated statement of comprehensive income (loss).

The deposits of Capmark Bank are interest-bearing and insured by the FDIC, subject to current insurance program limits. The weighted average interest rate for total deposits was 4.2% and 3.5% as of December 31, 2012 and 2011, respectively. All of Capmark Bank's deposits outstanding at December 31, 2012 have a scheduled contractual maturity prior to August 31, 2013.

10. Variable Interest Entities

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

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

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

In the year ended December 31, 2012, the Company is no longer consolidating seven real estate investment borrower special entities and six 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):

	December 31, 2012		December 31, 2011		
	NMTC funds	Total	NMTC funds	Real estate investments	Total
Cash and cash equivalents	$ —	$ —	$ —	$ 2,949	$ 2,949
Restricted cash	49,663	49,663	72,626	—	72,626
Accounts and other receivables	1,055	1,055	1,557	3,200	4,757
Loans held for sale	181,794	181,794	266,779	—	266,779
Real estate investments	22,225	22,225	39,137	76,713	115,850
Other assets	1,482	1,482	1,442	1,920	3,362
Total assets (1)	256,219	256,219	$ 381,541	$ 84,782	$ 466,323
Other borrowings	4,903	4,903	6,079	—	6,079
Other liabilities	2,011	2,011	5,076	7,239	12,315
Total liabilities (1)	6,914	6,914	$ 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 with a variable interest (in thousands):

	Size of VIEs(1)	Carrying amount of assets(2)	Carrying amount of liabilities(2)	Maximum exposure to loss(3) Commitments	Loans and investments	Other	Total
As of December 31, 2012							
Loans held for sale	$ 606,240	$ 184,425	$ —	$ —	$ 184,425	$ 416	$ 184,841
NMTC funds	163,511	150,103	—	—	120,701	29,402	150,103
Collateralized debt obligations	288,689	807	—	—	807	—	807
CMBS securitization trusts	1,546,878	3,020	—	—	3,020	—	3,020
Total	$ 2,605,318	$ 338,355	$ —	$ —	$ 308,953	$ 29,818	$ 338,771
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.

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

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

New Markets Tax Credit Funds. Prior to emergence from bankruptcy, the Company made loans to, and syndicated and managed third party equity investments in partnerships that made investments, typically mortgage loans that, in turn, qualify the partnerships to earn new markets tax credits. The Company discontinued its syndication activities in 2008 and focused on the management of these partnerships. Also, on April 15, 2011, the Company transferred certain of its financial interests related to the partnerships to US Bancorp. The transfers of the majority of these financial assets did not meet the criteria for sale accounting under ASC 860 and were accounted for as financings with related secured borrowings.

As discussed in other borrowings in Note 8, the balance of such secured borrowings at December 31, 2012 and 2011 is $219.8 million and $256.6 million, respectively. Therefore, the Company continues to have a variable interest in these partnerships.

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

For certain of these partnerships, the Company is considered the primary beneficiary because it has the power to direct activities that most significantly impact the economic performance of the partnership and has therefore consolidated the partnerships under ASC 810. The assets in these consolidated partnerships are reported primarily as a component of loans held for sale on the Company's consolidated balance sheet. There were $256.2 million and $381.5 million, as of December 31, 2012 and 2011, respectively, in assets of such consolidated partnerships included on the consolidated balance sheet. Neither the creditors nor equity investors in the NMTC funds have any recourse to the general credit of the Company.

For certain of these partnerships, the Company is not considered the primary beneficiary under ASC 810 because the Company does not have the power to direct the activities that most significantly impact the economic performance of the VIE. These partnerships had assets of $150.1 million and $189.0 million, as of December 31, 2012 and 2011, respectively. The partnerships have loans from the Company which are reported as a component of loans held for sale on the Company's consolidated balance sheet. The Company's maximum exposure to loss in these partnerships is attributable to loans to the partnerships.

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

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

Real Estate Investments. Prior to emergence from bankruptcy, the Company made loans secured by commercial and multifamily real estate properties. These were non-recourse loans made to borrower SPEs that were created and designed to obtain financing for the purchase and/or development of commercial and multifamily real estate with the financing to be repaid through the operations, refinancing or sale of the underlying property. The Company determined that certain of the borrower SPEs are considered VIEs under ASC 810. The Company was considered the primary beneficiary for certain of the borrower SPEs because, through its physical possession and substantive control of the real estate collateral (commonly referred to as in-substance foreclosure) held by the borrower SPE, the Company had the power to direct the activities that most significantly impact the economic performance of the borrower SPE. The assets on the consolidated borrower SPEs were reported as a component of real estate investments on the Company's consolidated balance sheet. Liabilities of these partnerships were reported as components of other liabilities on the Company's consolidated balance sheet. The maximum exposure to loss with respect to these consolidated SPEs was approximately $84.8 million as of December 31, 2011 and represented the value of the real estate collateral and related assets as reported in the Company's consolidated balance sheet. The Company did not provide any financial support to VIEs that it was not contractually obligated to provide for the year ended December 31, 2012 or the three months ended December 31, 2011.

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

Discontinued Operations

Assets of discontinued operations and liabilities of discontinued operations on the Company's consolidated balance sheet as of December 31, 2012 include $65.6 million of assets and $13.6 million of liabilities, respectively, for 15 guaranteed upper-tier tax credit funds and lower-tier operating partnerships. 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. All of these entities constitute 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 as of December 31, 2012 and 2011 related to the Company's variable interest in 77 and 179 non-consolidated VIEs for lower-tier operating partnerships was $42.9 million and $150.4 million, respectively. At December 31, 2012 and 2011, the lower-tier operating partnerships included in discontinued operations had underlying assets of $1.0 billion and $2.2 billion, respectively. The Company's discontinued operations had a maximum exposure to loss of $202.6 million and $422.5 million as of December 31, 2012 and 2011, respectively, related to commitments, guarantees and collateral, and loans and investments for non-consolidating VIEs for lower-tier operating partnerships. See Note 12 for a discussion of Discontinued Operations.

11. Income Taxes

The following table summarizes the Company's income tax provision (benefit) (in thousands):

	For the year ended December 31, 2012	For the three months ended December 31, 2011
Current income tax (benefit) provision:		
Federal	$ —	$ (1,307)
State	(45)	(3,145)
Foreign	(1,655)	941
Total current income tax (benefit) provision	(1,700)	(3,511)
Deferred income tax provision (benefit):		
Federal	—	—
State	—	—
Foreign	—	—
Total deferred income tax provision (benefit)	—	—
Total income tax (benefit) provision	$ (1,700)	$ (3,511)

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

In accordance with the Code, the Company reduced certain federal and state tax attributes by approximately $2.0 billion on January 1, 2012. The amount of the reduction is equal to the amount of cancellation of indebtedness income that the Company excluded from taxable income of Predecessor CFGI. The Company's calculation of cancellation of debt income of $2.0 billion equaled the excess of indebtedness discharged over the value of consideration given in the reorganization.

The Company's reorganization constituted an ownership change under Section 382 of the Code which places an annual dollar limit on the use of Predecessor CFGI net operating loss ("NOL") carryforwards, capital loss carryforwards 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.

At December 31, 2012 and 2011, the Company had federal NOL carryforwards of approximately $1.4 billion and $3.9 billion, respectively. The amount of federal NOL carryforwards at December 31, 2011 was prior to cancellation of indebtedness income. The Company had capital loss carryforwards of approximately $762.4 million and $724.0 million as of December 31, 2012 and 2011, respectively. NOL carryforwards expire from 2028 through 2031. Capital loss carryforwards expire in years 2015 to 2017. The Company had foreign tax credits of approximately $140.0 million as of December 31, 2012 and 2011, which expire between 2014 and 2017.

The Company has state NOL carryforwards and foreign NOL carryforwards as of December 31, 2012 and 2011. The state NOL carryforwards expire in various years beginning after 2013. The foreign NOL carryforwards begin expiring in various years after 2015.

The Company establishes valuation allowances for its deferred tax assets based on a "more likely than not" threshold. The Company's ability to realize its deferred tax assets is dependent on generating sufficient taxable income within the carryback or carryforward periods provided for by law within each applicable taxing jurisdiction. In those jurisdictions with a net deferred tax asset, the Company does not believe it is more likely than not that the deferred tax assets will be realized. In recognition of this conclusion, the Company has established valuation allowances in those jurisdictions as of December 31, 2012 and 2011 on the federal, state, and foreign deferred tax assets, including federal, state, and foreign net operating losses, tax credit carryforwards, and temporary tax differences, net of any deferred tax liabilities. If or when recognized, the tax benefit relating to any reversal of the valuation allowance on deferred tax assets as of December 31, 2012 will be accounted for as a reduction of income tax expense.

The following table summarizes the components of the Company's deferred tax assets and liabilities (in thousands):

	December 31, 2012	December 31, 2011
Assets:		
Net operating loss carryforwards (federal, state and foreign)	$ 612,061	$ 1,695,355
Capital loss carryforward	296,481	281,539
Foreign tax credit carryforwards	140,042	140,042
Loans held for sale and equity investment valuations	18,444	65,141
Reserves	6,784	269,574
Other deferred tax asset	8,575	9,889
Total deferred tax assets	1,082,387	2,461,540
Valuation allowance	(1,075,480)	(1,335,028)
Total deferred tax assets, net	6,907	1,126,512
Liabilities:		
Cancellation of debt income	—	1,103,029
Other deferred tax liabilities	6,907	25,781
Total deferred tax liabilities	6,907	1,128,810
Net deferred tax assets (liabilities)	$ —	$ (2,298)

At December 31, 2012, the Company recorded approximately $16.2 million in unrecognized tax benefits. A reconciliation of the beginning and ending balance of unrecognized tax benefits is as follows (in thousands):

	December 31, 2012	December 31, 2011
Balance as of beginning of the period	$ 16,208	$ 16,565
Additions based on tax position related to the current year	—	—
Additions based on tax position related to prior years	—	—
Reductions for tax position related to prior years	—	(357)
Reductions due to expiration of statutes of limitation	—	—
Settlements with taxing authorities	—	—
Balance as of end of the period	$ 16,208	$ 16,208

Of the $16.2 million liability for unrecognized tax benefits at December 31, 2012, the entire amount could impact the Company's effective tax rate in future periods.

The Company recognized a liability of approximately $9.3 million and $8.6 million attributable to interest and penalties as of December 31, 2012 and 2011, respectively. The Company recognizes interest and penalties related to unrecognized tax benefits as a component of income tax expense. Related to the unrecognized tax benefits noted above, the Company recognized an increase of $0.7 million and an increase of $0.2 million of gross interest and penalties in the year ended December 31, 2012 and the three months ended December 31, 2011, respectively.

The Company operates in multiple tax jurisdictions, both within and outside the United States. Accordingly, the Company is, from time to time, under examination in certain tax jurisdictions and remains subject to examination until the statute of limitations expires for the respective tax jurisdiction. Within specific countries, the Company may be subject to audit by various tax authorities, or subsidiaries operating within the country may be subject to different statute of limitations expiration dates. The following table summarizes the tax years that remain subject to examination in the Company's major tax jurisdictions as of December 31, 2012:

United States—federal	2009-2012
United States—states	2005-2012
Ireland	2008-2012

Based upon the expiration of statutes of limitation and/or conclusion of tax examinations in several jurisdictions, management does not believe that it is reasonably possible that any of the previously unrecognized tax benefits as of December 31, 2012 for the items discussed above will decrease materially within the next 12 months.

The following table reconciles the income tax benefit at the Federal statutory rate and the actual income tax benefit recorded (in thousands):

	For the year ended December 31, 2012		For the three months ended December 31, 2011	
	Amount	**Percent**	**Amount**	**Percent**
Income tax expense (benefit) at statutory rate	$ 39,307	35.0%	$ (16,243)	35.0%
Effects of Non-U.S. operations	2,563	2.3	1,336	(2.9)
State income taxes, net of federal tax benefit	(45)	—	(3,146)	6.8
Change in valuation allowance on tax benefits	(51,011)	(45.4)	579	(1.3)
Reorganization expense	2,768	2.5	4,426	(9.5)
Effects of noncontrolling interests	5,667	5.0	10,357	(22.3)
Other, net	(949)	(0.9)	(820)	1.8
Total income tax (benefit)	$ (1,700)	(1.5)%	$ (3,511)	7.6%

12. Discontinued Operations

LIHTC Business

The LIHTC business is reflected on the consolidated balance sheet in the assets and liabilities of discontinued operations and the results of operations are reflected on the consolidated statement of comprehensive income (loss) as income (loss) from discontinued operations, net of tax. The Company's financial statements continue to reflect certain LIHTC-related assets and liabilities related to guaranteed LIHTC funds managed by subsidiaries that have not been restructured and settled with the counterparties. As of December 31, 2012, there were nine remaining unsettled guaranteed LIHTC funds managed by subsidiaries of the Company that remain in bankruptcy.

The Company agreed to sell substantially all of the LIHTC business to affiliates of Hunt Companies, Inc. ("Hunt") 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 assets related to LIHTC transaction that the Company had restructured and settled with counterparties as of that date. Four additional asset sales for an aggregate sale amount of $25.0 million closed in the year ended December 31, 2012.

The sale agreement with Hunt also includes provisions for future sales of assets for up to $10.2 million after December 31, 2012 for certain remaining assets subject to completion of additional restructuring and settlement transactions with guaranteed fund counterparties on the terms proposed.

The Company has filed objections to the bankruptcy claims of the counterparties relating to the remaining unsettled guaranteed LIHTC funds while continuing to pursue negotiations to restructure and settle these fund guarantees. The Company's objections seek, among other things, the return of excess collateral pledged with respect to certain of the guarantees. The Company believes that the remaining unsettled guaranteed LIHTC funds will be resolved by December 31, 2013, either through consensual restructuring and settlement transactions or through the claims objection process in the Bankruptcy Court.

The Company periodically assesses the fair value of assets and liabilities related to the LIHTC business that were determined as part of the adoption of fresh start accounting in accordance with the provisions of ASC 852. As of December 31, 2012, the Company believes that there have been no impairments to the previously determined fair values. The impairment assessment takes into account the status of the bankruptcy claim objection proceedings, including claims seeking return of excess collateral.

Asian Operations

In the second quarter of 2012, management committed to a business plan to sell the remaining real estate assets in the Asian Operations segment. The real estate assets were offered for sale in their current condition at prices that are considered reasonable in relation to the estimated fair value. Sales of these assets were completed as of December 31, 2012.

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 December 31, 2012, the contractual amount owed under the Japanese Settlement Agreement was approximately $51.0 million (¥4.4 billion) and the carrying value was $24.5 million. See Note 23 for further information on distributions made in accordance with the Japanese Settlement Agreement after December 31, 2012.

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

	December 31, 2012	December 31, 2011
Cash and cash equivalents	$ 90,038	$ 4,395
Restricted cash	75,192	103,395
Accounts and other receivables	2,628	—
Investment securities	23,460	30,630
Loans held for sale	572	4,044
Real estate investments	15,673	81,318
Equity investments	42,309	150,243
Other assets	3,646	7,921
Total assets of discontinued operations	$ 253,518	$ 381,946
Debt	24,545	—
Other borrowings	13,031	54,948
Other liabilities	77,143	122,848
Total liabilities of discontinued operations	$ 114,719	$ 177,796

As of December 31, 2012, assets of discontinued operations included $161.4 million associated with the LIHTC business and $92.1 million associated with the former Asian Operations segment. Liabilities of discontinued operations included $85.6 million associated with the LIHTC business and $29.1 million associated with the former Asian Operations segment.

In addition, $52.0 million and $165.8 million of noncontrolling interests as of December 31, 2012 and 2011, respectively, included in total equity represent third-party investments in the net assets of entities, which are consolidated by the Company under ASC 810, and associated with LIHTC business portion of discontinued operations. The Company expects to derive no material economic benefit from these noncontrolling interests.

As of December 31, 2012, $13.9 million of real estate investments included in assets of discontinued operations are pledged as collateral for the payment of $13.0 million of related secured borrowings included in liabilities of discontinued operations. As of December 31, 2011, $61.0 million of real estate investments included in assets of discontinued operations are pledged as collateral for the payment of $55.0 million of related secured borrowings included in liabilities of discontinued operations.

The following table set forth the net revenue, noninterest expense and income tax (benefit) expense of discontinued operations included on the consolidated statement of comprehensive income (loss) (in thousands):

	For the year ended December 31, 2012	For the three months ended December 31, 2011
Net revenue	$ (10,729)	$ 1,188
Noninterest expense	35,654	10,478
Income tax (benefit) expense	(2,054)	2,633
Loss from discontinued operations	$ (44,329)	$ (11,923)

13. Common Stock

The Company paid cash distributions in aggregate of $14.50 per share to holders of the Company's common stock in the year ended December 31, 2012. No distributions were declared in the three months ended December 31, 2011.

On December 31, 2012, in accordance with their employment agreements and in connection with the vesting of restricted shares of Common Stock, two of the Company's executives directed the Company to withhold 54 thousand shares with an aggregate market value of $0.6 million to meet the Company's minimum statutory withholding requirements.

The Company had 100,052,475 shares outstanding at January 1, 2012, issued an additional 243,767 shares and retired 53,520 treasury shares during the year ended December 31, 2012 for an ending balance of 100,242,722 shares outstanding at December 31, 2012.

14. Fair Value of Assets and Liabilities

ASC 820 defines fair value, establishes a framework for measuring fair value under GAAP, and sets forth disclosure requirements for fair value measurements. The guidance in ASC 820 is applied to the extent that other accounting pronouncements require or permit fair value measurements. Under ASC 820, fair value is an exit price, market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Companies are required to disclose the extent to which fair value is used to measure assets and liabilities, the inputs used to develop the measurements, and the effect of certain of the measurements on earnings (or changes in net assets) for the period.

Fair Value Hierarchy

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

Assets and liabilities recorded on the Company's consolidated financial statements are categorized based on whether the inputs to the valuation techniques are observable or unobservable as follows:

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

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

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

Determination of Fair Value

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

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

Investment Securities

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

Derivative Instruments

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

Accounts Receivable

Under ASC 825, *Financial Instruments*, the Company elected the fair value option for a note receivable at September 30, 2011 with a $4.6 million principal amount. The fair value of the note receivable was estimated based on a DCF analysis and is classified within Level 3 of the valuation hierarchy. The DCF analysis includes a provision for an estimated reduction of the cash payment for actual losses that may emerge from a related portfolio of loans not on the Company's balance sheet. The legal obligation for losses on the related portfolio of loans has been assumed by the note obligor. The maximum loss to the Company related to the portfolio of loans is limited to the $4.6 million par amount of the note receivable.

The Company accounts for certain of its assets at fair value on a recurring basis or considers fair value in their measurement. There are no liabilities accounted for at fair value on a recurring basis. The following table summarizes the assets 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 December 31, 2012
Accounts receivable	$ —	$ —	$ 3,685	$ —	$ 3,685
Investment securities available for sale:					
GSE securities	—	—	—	—	—
Other securities	—	240	4,371	—	4,611
Derivative assets:					
Interest rate contracts	—	2,200	—	—	2,200
Total assets measured at fair value on a recurring basis	$ —	$ 2,440	$ 8,056	$ —	$10,496

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
Assets:					
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	$ —	$ 642,244	$ 16,765	$ (1,900)	$ 657,109

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

Realized gains or losses for investment securities classified as available for sale are reported as a component of net losses on investments and real estate on the consolidated statement of comprehensive income (loss). Gains or losses for derivatives are reported as a component of other (losses) gains, net on the consolidated statement of comprehensive income (loss).

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

	Year ended December 31, 2012			Three months ended December 31, 2011		
	Accounts Receivable	Investment Securities Available for Sale	Total	Accounts Receivable	Investment Securities Available for Sale	Total
Beginning balance	$ 3,653	$ 13,112	$ 16,765	$ 3,800	$ 12,519	$ 16,319
Purchases, issuances, sales and settlements:						
Purchases	—	—	—	—	—	—
Issuances	—	—	—	—	—	—
Sales	—	(7,183)	(7,183)	—	—	—
Settlements	—	—	—	—	—	—
Total net realized/unrealized losses:						
Included in earnings	32	(3,007)	(2,975)	(147)	(433)	(580)
Included in other comprehensive income (loss)	—	1,449	1,449	—	1,026	1,026
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Ending balance as of December 31	$ 3,685	$ 4,371	$ 8,056	$ 3,653	$ 13,112	$ 16,765
The amount of total (losses) gains for the period included in earnings attributable to the change in unrealized (losses) gains relating to assets still held as of December 31	$ 32	$(3,937)	$(3,905)	$ (147)	$ 598	$ 451

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 as of December 31, 2012 and 2011. Loans held for sale accounted for at the lower of cost or fair value are measured at fair value on a nonrecurring basis. The fair values of real estate investments are based on signed purchase agreements or bids received from third parties to purchase as well as third-party appraisals and discounted cash flows expected to result from the use and eventual disposition of the assets. Any impairment recognized on real estate acquired through foreclosure, real estate held for investment and real estate held for sale is reported as a component of net losses on investments and real estate on the consolidated statement of comprehensive income (loss). The following table presents the carrying values of certain impaired assets measured at fair value on a nonrecurring basis and still held as of December 31, 2012 and 2011, respectively, and any impairments recognized for the year ended December 31, 2012 and the three months ended December 31, 2011 (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 December 31, 2012	Total losses for the year ended December 31, 2012
Loans held for sale	$ —	$ —	$ 152,397	$ 152,397	$ (11,575)
Real estate acquired through foreclosure	—	—	51,872	51,872	(12,272)

	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):

		December 31, 2012		December 31, 2011	
	Fair Value Hierarchy Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets:					
Cash and cash equivalents	Level 1	$ 1,478,882	$ 1,478,882	$ 2,733,416	$ 2,733,416
Restricted cash	Level 1	75,219	75,219	129,264	129,264
Accounts and other receivables	(1)	51,496	51,496	106,888	106,888
Investment securities available for sale	(2)	4,611	4,611	595,647	595,647
Loans held for sale	Level 3	591,814	612,787	3,550,269	3,615,981
Derivative assets	Level 2	2,200	2,200	57,809	57,809
Financial Liabilities:					
Debt	Level 1	—	—	807,869	826,503
Other borrowings	Level 2	222,062	222,062	652,598	653,150
Deposit liabilities	Level 2	1,018,601	1,020,963	3,860,332	3,864,098

Notes:

(1) All accounts and other receivables are Level 1 except as noted in the tables 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.

The following methods and assumptions were used to estimate the fair value of financial instruments not previously discussed in Note 4:

Cash, cash equivalents and restricted cash the carrying value approximates fair value due to the short-term nature of the instruments.

Accounts and other receivables the carrying value approximates fair value due to the short-term nature of the receivables.

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

Debt - Japanese Settlement Agreement the fair value is the present value of estimated future payments on such loans to which the holders of such debt are entitled discounted at 13.0% as of December 31, 2011. See Note 8 for further discussion.

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

15. Stock-Based Compensation

Pursuant to the Plan, employment agreements were entered into with two of the Company's executives which included the grant of restricted shares of Common Stock ("nonvested shares"). The Company issued 541,676 nonvested shares pursuant to the employment agreements on September 30, 2011. The nonvested shares granted vest in increments of 25% on each of December 31, 2011, 2012, 2013 and 2014, respectively. Any dividends or distributions on the restricted shares will be escrowed and paid pursuant to the vesting schedule noted above. The Company recognized compensation and benefit expense associated with these awards on the consolidated statement of comprehensive income (loss) of $1.8 million and $1.8 million for the year ended December 31, 2012 and the three months ended December 31, 2011, respectively.

Pursuant to the Plan and the 2011 Restricted Stock and Restricted Stock Unit Plan ("Restricted Stock Plan") which was effective as of September 30, 2011, the non-management members of the board of directors of Successor CFGI would receive annual awards of nonvested shares. Pursuant to the Restricted Stock Plan, the non-management directors were granted 52,475 nonvested shares that vested on September 30, 2012. Any dividends or distributions on the restricted shares were escrowed and paid on the vesting date. Expense associated with these awards of $1.2 million and $0.2 million was recognized in professional fees on the consolidated statement of comprehensive income (loss) for the year ended December 31, 2012 and the three months ended December 31, 2011, respectively. The awards for the non-management members of the board of directors are accounted for as liability-classified under ASC 718, *Compensation – Stock Compensation*.

The Company issued the non-management members of the Board of Directors of the Company a one-time grant of 243,767 nonvested shares pursuant to the Amended and Restated 2011 Restricted Stock and Restricted Stock Unit Plan which was effective on August 29, 2012. This plan amends and restates the Restricted Stock Plan which was effective September 30, 2011 in order to appropriately align the Board of Directors of the Company incentive compensation with the interests of the shareholders of the Company in maximizing the return on the shareholders' equity interests. The grant included 182,827 nonvested shares that will vest two-thirds on October 1, 2014 and one-third on October 1, 2015. The grant also included 60,940 performance based nonvested shares which vest December 31, 2014 based upon the aggregate amount distributed to the Company's shareholders on a cumulative basis from August 29, 2012 to December 31, 2014 ("Aggregate Distribution"). The vesting conditions for the performance based nonvested shares are as follows: (a) one-third vest if the Aggregate Distribution is at least $2.2 billion, (b) two-thirds vest if the Aggregate Distribution is at least $2.4 billion and (c) all vest if the Aggregate Distribution is at least $2.6 billion. For the year ended December 31, 2012, $0.4 million of expense associated with these awards was recognized in professional fees on the consolidated statement of comprehensive income (loss). The awards for the non-management members of the Board of Directors of the Company are accounted for as liability-classified under ASC 718, *Compensation – Stock Compensation*.

The following table summarizes nonvested shares activity and related information (number of shares in thousands):

	Year ended December 31, 2012				For the three months ended December 31, 2011	
	Performance Based Nonvested Shares		Other Nonvested Shares		Nonvested Shares	
	Number of nonvested shares	Weighted average grant date fair value	Number of nonvested shares	Weighted average grant date fair value	Number of nonvested shares	Weighted average grant date fair value
Outstanding as of the beginning of the period	—	$ —	458.8	$ 13.61	541.7	$ 13.30
Granted	60.9	25.50	182.9	25.50	52.5	16.00
Vested	—	—	(187.9)	14.05	(135.4)	13.30
Forfeited	—	—	—	—	—	—
Outstanding as of the end of the period	60.9	$ 25.50	453.8	$ 18.22	458.8	$ 13.61

The total fair value of nonvested shares that vested was $3.0 million for the year ended December 31, 2012. As of December 31, 2012, there was a total of $6.1 million of total unrecognized expense related to outstanding nonvested shares which is expected to be recognized over the weighted average remaining contractual life of 1.8 years.

16. Employee Benefit Plans

Retirement benefits

The Capmark Financial Group Inc. Savings Incentive Plan ("SIP") is a defined contribution plan and has a matching contribution provision in which employees who contribute to the SIP receive a dollar-for-dollar match up to a maximum amount. The match is subject to a five-year vesting schedule. The related expense for the year ended December 31, 2012 and for the three months ended December 31, 2011 was $0.6 million and $0.2 million, respectively, and is recognized in compensation and benefits expense on the consolidated statement of comprehensive income (loss).

Long term incentive benefits

Pursuant to the Plan, a $6.9 million long term incentive plan was established which provides deferred cash payments to certain officers and employees of Capmark Bank. These awards generally entitle recipients to receive a variable cash payment, based upon the achievement of a target equity value, measured no later than December 31, 2014 and payable by March 2015. The awards under the Capmark Bank long term incentive plan were accounted for as liability-classified under ASC 718, *Compensation – Stock Compensation*, as the awards are settled in cash. In the fourth quarter of 2012 in connection with the distribution of assets by Capmark Bank to CFGI in the third and fourth quarters of 2012, the Company measured and made all of the deferred cash payments under the long term incentive plan. At December 31, 2011, other liabilities on the consolidated balance sheet included $0.5 million associated with this long term incentive plan. The related expense was $10.7 million for the year ended December 31, 2012 and was $0.5 million for the three months ended December 31, 2011 and is recognized in compensation and benefits expense on the consolidated statement of comprehensive income (loss).

Pursuant to the Plan, a $9.2 million long term incentive plan was established which provides deferred cash payments to certain members of management other than employees of Capmark Bank. These awards generally entitle recipients to receive a variable cash payment, based upon the performance of and achievement of specific recovery values for the operational areas, measured no later than December 31, 2014 and payable by March 2015. Other liabilities on the consolidated balance sheet included $8.0 million and $1.7 million as of December 31, 2012 and 2011, respectively, associated with this long term incentive plan. The related expense was $9.3 million for the year ended December 31, 2012 and was $1.7 million for the three months ended December 31, 2011 and is recognized in compensation and benefits expense on the consolidated statement of comprehensive income (loss).

Retention programs

In August 2011, the Capmark Bank Board of Directors approved an $8.5 million retention program for certain eligible Capmark Bank employees. These awards of deferred cash compensation generally entitle the recipient to receive a fixed cash payment on a quarterly basis. At December 31, 2012 and 2011, other liabilities on the consolidated balance sheet included $0.1 million and $0.9 million, respectively, associated with this retention program. The related expense for the year ended December 31, 2012 was $2.1 million and for the three months ended December 31, 2011 was $0.9 million and is recognized in compensation and benefits expense on the consolidated statement of comprehensive income (loss).

Pursuant to the Plan, a $6.1 million retention program was established for certain of the Company's eligible employees other than employees of Capmark Bank. These awards of deferred cash compensation generally entitle the recipient to receive a fixed cash payment on each annual vesting date. At December 31, 2012 and 2011, other liabilities on the consolidated balance sheet included $3.6 million and $0.9 million, respectively, associated with this retention program. The related expense for the year ended December 31, 2012 was $4.0 million and for the three months ended December 31, 2011 was $0.9 million and is recognized in compensation and benefits expense on the consolidated statement of comprehensive income (loss).

17. Commitments and Contingent Liabilities

Commitments

The following table summarizes the remaining maturity of the Company's outstanding commitments for continuing operations as of December 31, 2012 (in thousands):

	Years to Maturity				
Type of Commitment	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**	**Total**
Commitments to fund loans held for sale (1)	$ 7,228	$ —	$ —	$ —	$ 7,228
Commitments to provide equity to equity method investees	750	14,276	—	—	15,026
Total	$ 7,978	$ 14,276	$ —	$ —	$ 22,254

Note:

(1) During February 2013, $7.0 million of the commitments to fund loans were extinguished through the sale or repayment of the underlying loans held for sale.

Leases and rentals. The Company is obligated under non-cancelable operating leases primarily for office facilities. These leases have conventional terms and conditions. The future minimum rental payments, net of sublease income, under operating leases having initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2012 were as follows (in thousands):

2013	$ 1,320
2014	305
2015	431
2016	289
Total	$ 2,345

Net rental expense, primarily for office facilities, was $1.7 million for the year ended December 31, 2012 and $0.9 million for the three months ended December 31, 2011.

Contingencies related to LIHTC partnerships. The Company holds variable interests in syndicated LIHTC partnerships where the Company provided unaffiliated investors with a guaranteed yield on their investment. Although the Company has settled a number of LIHTC fund guarantees, the Company's financial statements continue to reflect certain assets and liabilities related to LIHTC funds managed by subsidiaries that have not been restructured and settled with the counterparties. As of December 31, 2012, there were nine remaining unsettled guaranteed LIHTC funds managed by subsidiaries of the Company that remain in bankruptcy. As of December 31, 2012 and 2011, the Company's maximum exposure to loss under the yield guarantees was $157.4 million and $255.2 million. As of December 31, 2012 and 2011, the Company's estimate of actual loss under these yield guarantees was $68.1 million and $86.0 million and are reported as a component of liabilities of discontinued operations on the consolidated balance sheet.

As a result of previous settlements and the provisions of the Plan, recourse to the Reorganized Debtors with respect to LIHTC guarantees is limited to previously pledged collateral.

Litigation. 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. 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 December 31, 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.

18. Regulatory Matters

Capmark Bank is jointly regulated by the FDIC and the UDFI (together with the FDIC, the "Bank Regulators"). The Bank Regulators impose restrictions on Capmark Bank's operations, including capital maintenance obligations.

FDIC Capital Issues and Cease and Desist Orders

On October 2, 2009, Capmark Bank consented to cease and desist orders (the "C&D Orders") with the FDIC and the UDFI requiring Capmark Bank to, among other restrictions, (i) maintain a Tier 1 capital to total assets ratio ("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 FDIC and the UDFI. 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 July and November of 2012, Capmark Bank distributed a total of approximately $1.69 billion of assets to Capmark Financial Group Inc., which included substantially all of its loans and commercial real estate assets plus cash. Capmark Bank currently limits 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 23 for further information on distributions made to Capmark Financial Group Inc. after December 31, 2012.

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 or non-objection of the Bank Regulators.

Capital Maintenance Agreement

In 2006 Predecessor CFGI and Capmark Bank entered into a capital maintenance agreement (the "Capital Maintenance Agreement," or "CMA") with the FDIC requiring Predecessor CFGI to contribute cash or other assets acceptable to the FDIC to Capmark Bank if it falls below "well-capitalized" status or its Tier 1 Leverage Ratio falls below 8%.

Pursuant to section 365(o) of the Bankruptcy Code, in its bankruptcy 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.

As of December 31, 2012 and 2011, Capmark Bank had stockholders' equity of $314.7 million and $1.8 billion, respectively. 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"	December 31, 2012	December 31, 2011
Tier 1 leverage ratio	5.0%	21.4%	29.3%
Tier 1 risk-based capital ratio	6.0%	1,728.8%	53.8%
Total risk-based capital ratio	10.0%	1,728.8%	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% and is deemed to be "adequately capitalized".

19. Earnings Per Share

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

	Year ended December 31, 2012	Three months ended December 31, 2011
Income (loss) from continuing operations after income taxes	$ 114,005	$ (42,898)
Plus: Net loss attributable to noncontrolling interests	52,288	23,170
Income (loss) from continuing operations	166,293	(19,728)
Loss from discontinued operations, net	(44,329)	(11,923)
Net income (loss) attributable to Capmark Financial Group Inc.	$ 121,964	$ (31,651)
Basic income (loss) per share from continuing operations	$ 1.67	$ (0.21)
Diluted income (loss) per share from continuing operations	1.67	(0.21)
Basic loss per share from discontinued operations	$ (0.45)	$ (0.13)
Diluted loss per share from discontinued operations	(0.45)	(0.13)
Basic net income (loss) per share available to common shareholders	$ 1.22	$ (0.34)
Diluted net income (loss) per share available to common shareholders	1.22	(0.34)
Basic weighted average shares outstanding	99,607	92,890
Effect of dilutive shares for nonvested shares	127	—
Diluted weighted average shares outstanding	99,734	92,890
Antidilutive nonvested shares	77	459

20. Accumulated Other Comprehensive Income

GAAP established accounting standards for reporting comprehensive income and its components and required that all revenues, expenses, gains and losses recognized during the period be included in comprehensive income, regardless of whether these items are considered to be results of operations for the period. The following table summarizes the components of accumulated other comprehensive income (loss), net of tax (in thousands):

	Year ended December 31, 2012			Three months ended December 31, 2011		
	Gain (loss)	Tax provision (benefit)	Net amount	Gain (loss)	Tax provision (benefit)	Net amount
Net unrealized gain (loss) on investment securities:						
Net unrealized gains (losses) arising during the period	$ 3,733	—	$ 3,733	$ 1,172	—	$ 1,172
Less: reclassification adjustment for net gains (losses) included in net income	183	—	183	(78)	—	(78)
Net unrealized gain (loss) on investment securities	3,550	—	3,550	1,250	—	1,250
Net foreign currency translation adjustment	(8,435)	—	(8,435)	(2,867)	—	(2,867)
Total	$ (4,885)	—	$ (4,885)	$ (1,617)	—	$ (1,617)

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive income (loss), net of tax (in thousands):

	Unrealized gains (losses) on investment securities	Net foreign currency translation	Total
Balance as of September 30, 2011	$ —	$ —	$ —
Change during the period	1,250	(2,867)	(1,617)
Balance as of December 31, 2011	1,250	(2,867)	(1,617)
Change during the period	2,300	(5,568)	(3,268)
Balance as of December 31, 2012	$ 3,550	$ (8,435)	$ (4,885)

21. Segment Information

The operating results of the continuing operations for the Company's three reportable business segments have been determined in accordance with GAAP. The guidance is based on a management approach, which requires presentation of business segments based upon a company's organization and internal reporting of operating results from continuing operations to the company's chief operating decision maker. The Company's chief operating decision maker is its Chief Executive Officer. The accounting policies of the Company's business segments are the same as those described in Note 4, except that disaggregated results have been prepared using a management approach, which is substantially consistent with the basis and manner in which management internally disaggregates financial information for the purpose of assisting in the operating-decision process. Material intersegment transactions have been eliminated in consolidation.

The Company's business segments are separately managed and organized based on the type of business conducted. The Company's continuing operations have three reportable business segments as of December 31, 2012: 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 as of June 30, 2012 and it is no longer reflected as a business segment of continuing operations.

Capmark Bank

Capmark Bank is jointly regulated by the Bank Regulators. The Bank Regulators impose restrictions on Capmark Bank's operations, including capital maintenance obligations. In July 2012, Capmark Bank distributed a total of approximately $1.57 billion of assets to CFGI, ("Asset Distribution") which included substantially all of its loans and commercial real estate assets plus cash.

Prior to the Asset Distribution, Capmark Bank focused on managing its existing portfolio to maximize the recovery of value from its assets and generate cash to repay funding liabilities as they matured. The asset management team utilized all of the normal collection and workout strategies employed by commercial real estate lenders, including full and partial loan payoffs, discounted payoffs, loan sales, foreclosures, deeds-in-lieu of foreclosure, loan extensions and other modifications, and other methods. To maximize value, Capmark Bank may have advanced additional money to a borrower or invest money to improve a property received in a workout to maintain or enhance the property value.

North American Asset Management

The Company's North American Asset Management segment is responsible for the management of the North American commercial mortgage loan and real estate acquired through foreclosures portfolio. This loan and real estate acquired through foreclosure portfolio is primarily comprised of and secured by assets in the office, multifamily, hospitality, retail, health care, mixed-use, and industrial property categories located throughout the United States.

The asset management team utilizes all of the normal collection and workout strategies employed by commercial real estate lenders, including full and partial loan payoffs, discounted payoffs, loan sales, foreclosures, deeds-in-lieu of foreclosure, loan extensions and other modifications, and other methods. To maximize value, the Company may advance additional money to a borrower or invest money to improve a property received in a workout to maintain or enhance the property value.

Real Estate Investment Funds

The Company's Real Estate Investment Funds segment consists of the management of the Company's remaining real estate equity and debt investments. These investments consist primarily of limited partnership and membership interests in the funds formerly managed by Capmark Investments LP and North American and European equity investments. Capmark has ceased making any new investments as part of this business line, but continues to fund any existing obligations, such as capital commitments.

Consistent with the Company's management reporting, the business segments do not include corporate administrative and support functions or certain immaterial businesses. The Company also does not allocate income taxes to its business segments or include any other eliminations, reclassifications or other adjustments that are made to conform the Company's management reporting to the consolidated financial statements. These items are included in the tables that follow under the heading "Corporate and Other" as further explained below:

- Corporate activity primarily consists of unallocated personnel-related expenses for departments such as corporate management, accounting and finance, legal, information technology, human resources and risk management. Corporate activity also includes unallocated net interest income and noninterest income

- Eliminations and other adjustments are made to conform the Company's management reporting to the consolidated financial statements.

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	For the year ended December 31, 2012
Net interest income	$ 50,577	$ 34,384	$ 689	$ (25,340)	$ 60,310
Noninterest income	158,013	3,439	34,898	(11,644)	184,706
Total net revenue	208,590	37,823	35,587	(36,984)	245,016
Noninterest expense	43,106	20,753	732	68,120	132,711
(Loss) income before income taxes	$ 165,484	$ 17,070	$ 34,855	$ (105,104)	$ 112,305
Net loss attributable to noncontrolling interests	$ —	$ 2,414	$ —	$ 49,874	$ 52,288
Total assets at end of period	$ 1,357,602	$ 811,641	$ 148,060	$ 300,229	$ 2,617,532

	Segments				
	Capmark Bank	North American Asset Management	Real Estate Investment Funds	Corporate and Other	For the three months ended December 31, 2011
Net interest income	$ 31,385	$ 5,993	$ 1	$ (18,829)	$ 18,550
Noninterest income	(28,156)	(13)	13,737	1,578	(12,854)
Total net revenue	3,229	5,980	13,738	(17,251)	5,696
Noninterest expense	14,174	8,867	310	28,754	52,105
(Loss) income before income taxes	$ (10,945)	$ (2,887)	$ 13,428	$ (46,005)	$ (46,409)
Net loss attributable to noncontrolling interests	—	$ 7,034	—	$ 16,136	$ 23,170
Total assets at end of period (1)	$ 6,164,409	$ 908,948	$ 208,666	$ 934,833	$ 8,216,856

Note:

(1) Management determined that the Asian Operations segment met the criteria for inclusion as discontinued operations as of June 30, 2012 and it is no longer reflected as a business segment of continuing operations. The assets at the end of the period for Asian Operations as of December 31, 2011 were included in "Corporate and Other".

22. Reorganization

Plan of Reorganization

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

The Plan also provides for, among other matters:

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

Fresh Start Accounting

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

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

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

Fair Value Determinations for Fresh Start Accounting

The Company utilized the following methodologies for estimating fair value of significant tangible assets and liabilities at the Effective Date and the policy for the recognition of any related premium or discount:

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

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

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

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

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

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

Secured Notes - The fair value of the Secured Notes was based upon directly observable quoted prices for the instruments in the over-the-counter market. The accretion of the discount recognized in the application of fresh start accounting to the Secured Notes is recognized over the contractual maturity of the underlying borrowing. Because the Secured Notes were repaid prior to contractual maturity, the accretion of the interest expense was accelerated.

Deposit Liabilities and Other Borrowings - The fair values of deposit liabilities and other borrowings were discounted based upon rates currently available to the Company for obligations with similar terms and maturities. The accretion of the premium recognized in the application of fresh start accounting to the deposit liabilities and other borrowings will be recognized over the contractual maturity of the underlying borrowing. If the deposit liabilities and other borrowings are repaid prior to contractual maturity, the accretion of the interest expense would be accelerated.

Japanese Settlement Agreement - The principal amount outstanding under the Company's unsecured credit agreement with respect to borrowings by the Company's Japanese subsidiaries at September 30, 2011 was reflected at its fair value of $111.0 million, which is the present value of estimated future payments on such loans to which the holders of such debt are entitled under a settlement agreement entered into in January 2011, discounted at 13.6%. The accretion of the discount recognized in the application of fresh start accounting to the Japanese Settlement Agreement will be recognized over the period of the estimated future payments on the underlying borrowing. See Note 8 for further discussion.

Crystal Ball Settlement Agreement Liabilities - The fair value for these obligations was determined as the present value of estimated future payments under the terms of such agreement discounted at 13.6%. See Other Matters below for further discussion. The accretion of the discount recognized in the application of fresh start accounting to Crystal Ball Settlement Agreement Liabilities will be recognized over the period of the estimated future payments on the underlying borrowing.

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

Assets and Liabilities of Discontinued Operations - The fair value of the assets and liabilities of discontinued operations generally reflects the values derived from the agreement of sale for substantially all of the remaining assets of the LIHTC business to affiliates of Hunt Companies Inc. as well as estimates of other recoverable amounts. See Note 12 for further discussion of the sale transaction.

Reorganization Value

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

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

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

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

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

Fair Value in Excess of Reorganization Value

In applying fresh start accounting on September 30, 2011, which generally follows the provisions of ASC 805, *Business Combinations*, the Company recorded its assets and liabilities at fair value except for deferred income taxes. As discussed above, and in conformity with ASC 820, the Company utilized several methodologies for estimating the fair value of assets and liabilities at the Effective Date. These estimates reflect the fair value for individual assets and liabilities and do not incorporate additional adjustments associated with the costs of selling the assets or settling the liabilities, management and operating expenses associated with retaining the assets or liabilities throughout their anticipated holding periods, or the time value of money associated with holding assets until their expected disposition date. The Company's reorganization value reflects expected free cash flows (net of selling, management and other operating expenses) discounted at rates reflecting perceived business and financial risks. As of September 30, 2011, the differences in valuation approaches resulted in the Company's net assets having a fair value, as determined under ASC 820, in excess of the Company's reorganization value. The excess of fair value of the Company's net assets over its reorganization value is approximately $844.7 million and was included as a component of capital paid in excess of par value on the consolidated balance sheet as of September 30, 2011 and continued to be a component of capital paid in excess of par value as of December 31, 2012 and 2011.

Loan Classifications

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

Other Matters

Disputed Claims

On the Effective Date, the following amounts were deposited with the disbursing agent for the benefit of holders of general unsecured claims that have not been allowed: (1) $39.0 million in cash; (2) $54.2 million of Secured Notes; and (3) 5.5 million shares of Common Stock. These amounts are held in a reserve account by the Plan disbursing agent for potential payment of disputed pre-petition general unsecured claims. The cash is not included on the Company's consolidated balance sheet; however, the Secured Notes and Common Stock are reflected as outstanding, if applicable, at December 31, 2012 and 2011. If a claim is not resolved in favor of the claimant, the funds will periodically be reallocated and disbursed to the other general unsecured creditors in accordance with the Plan. In the year ended December 31, 2012, as part of the supplemental distributions required under the Plan (1) $6.8 million in cash, (2) $6.0 million in Secured Notes and (2) 652.2 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. See Note 23 for further information on distributions made as part of the supplemental distributions required under the Plan after December 31, 2012. The Reorganized Debtors bear the costs associated with administering the remaining disputed pre-petition general unsecured claims and other outstanding bankruptcy matters and are not entitled to reimbursement for those costs from the reserve account.

Certain Reorganized Debtors also distributed $19.6 million on the Effective Date to the Plan disbursing agent to fund the reserve for disputed administrative, priority and convenience class claims. In the event that the disputed administrative, priority and convenience class claims are resolved in favor of the Company, those funds ultimately will be returned to the Company and used for general operations of the Company. An adverse resolution of the disputed administrative, priority and convenience class claims will not impact the Company beyond the reserve amounts, which are in separate bank accounts and included in restricted cash on the consolidated balance sheet. The restricted cash on the consolidated balance sheet as of December 31, 2012 and 2011 reflected $8.9 million and $18.5 million, respectively, related to disputed administrative, priority and convenience class claims. The administrative, priority and convenience class disputed claim funds distributed $0.6 million during the year ended December 31, 2012 and $1.1 million for the three months ended December 31, 2011 to claimants in satisfaction of resolved disputed claims. The Company received $9.0 million of cash from the reserve for disputed administrative and priority claims on April 11, 2012. These amounts represent certain disputed administrative and priority claims that were resolved in favor of the Company from the Effective Date through March 31, 2012. The liability related to the disputed administrative, priority and convenience class claims had a carrying value of $1.6 million and $2.2 million at December 31, 2012 and 2011, respectively, and is included in other liabilities on the consolidated balance sheet.

Crystal Ball Settlement Agreement

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

The carrying amount of the estimated liability under the Crystal Ball Settlement Agreement at December 31, 2012 and 2011 is included in other liabilities on the consolidated balance sheet at $3.6 million and $20.6 million, respectively. See Note 23 for further information on distributions made in accordance with the Crystal Ball Agreement after December 31, 2012.

Summary of Impacts of Fresh Start Accounting

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

(in thousands)	Predecessor CFGI September 30, 2011 (1)	Settlement of Liabilities		Retire Existing Equity	Fresh Start Accounting Adjustments	Successor CFGI September 30, 2011
Assets						
Cash and cash equivalents	$ 3,413,379	$ (1,402,059)	(2)	$ —	$ —	$ 2,011,320
Restricted cash	80,774	405,653	(3)	—	—	486,427
Accounts and other receivables	121,881	—		—	(831)	121,050
Investment securities available for sale	701,022	—		—	—	701,022
Loans held for sale	1,064,026	—		—	3,331,988	4,396,014
Loans held for investment	3,300,787	—		—	(3,300,787)	—
Real estate investments	650,206	—		—	19,689	669,895
Equity investments	323,588	—		—	9,663	333,251
Other assets	199,732	—		—	(86,465)	113,267
Assets of discontinued operations	1,182,593	—		—	(62,736)	1,119,857
Total assets	$11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103
Liabilities and Equity						
Liabilities:						
Debt	$ 6,863,077	$(6,499,264)	(4)	$ —	$(252,771)	$ 111,042
Secured debt	—	1,250,000	(5)	—	(8,017)	1,241,983
Other borrowings	899,744	(250,001)	(6)	—	3,697	653,440
Deposit liabilities	3,874,388	—		—	51,616	3,926,004
Other liabilities	319,599	(88,097)	(7)	—	72,734	304,236
Liabilities of discontinued operations	530,277	(3,577)	(7)	—	28,384	555,084
Total liabilities	12,487,085	(5,590,939)		—	(104,357)	6,791,789
Commitments and Contingent Liabilities						
Mezzanine Equity	71,502	—		(71,502)	—	—
Equity:						
Common stock	413	100	(8)	(413)	—	100
Capital paid in excess of par value	2,066,855	1,846,121	(8)	253,878	(1,476,054)	2,690,800
Retained deficit	(4,261,910)	2,748,312		—	1,513,598	—
Total accumulated other comprehensive (loss) income, net of tax	181,963	—		(181,963)	—	—
Total stockholders' equity	(2,012,679)	4,594,533		71,502	37,544	2,690,900
Noncontrolling interests	492,080	—		—	(22,666)	469,414
Total liabilities and equity	$ 11,037,988	$ (996,406)		$ —	$ (89,479)	$ 9,952,103

Notes:

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

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

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

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

(5) Represents issuance of Secured Notes.

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

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

(8) Represents issuance of Common Stock.

23. Subsequent Events

Subsequent events were evaluated through March 28, 2013, the date the consolidated financial statements were issued. Subsequent events include:

- In accordance with the Japanese Settlement Agreement, the Japanese Borrowers made a ¥1.8 billion (approximately $20.8 million) payment to the Japanese Lenders on January 8, 2013.

- In accordance with the Crystal Ball Settlement referred to in Section 4.10 of the Plan, Crystal Ball Holding of Bermuda Limited made a $3.3 million payment on January 15, 2013.

- In January 2013, as part of the supplemental distribution required under the Plan, (a) $31.7 million in cash and (b) 1.0 million 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 claims 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 December 31, 2012 and were therefore reallocated and disbursed to the other general unsecured creditors in accordance with the Plan.

- On February 28, 2013, Capmark Bank distributed $157.1 million in cash to Capmark Financial Group Inc.

- The Company paid a cash distribution of $4.50 per share on March 22, 2013 to shareholders of record on March 15, 2013.

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.

SUPPLEMENTAL FINANCIAL INFORMATION

Bank and Non-Capmark Bank Consolidating Balance Sheet (unaudited)
December 31, 2012
(in thousands)

(in thousands)	Capmark Bank	Non –Capmark Bank	Eliminations	Consolidated
Assets				
Cash and cash equivalents	$ 1,296,156	$ 182,726	$ —	$ 1,478,882
Restricted cash	—	75,219	—	75,219
Accounts and other receivables	234	51,262	—	51,496
Investment securities available for sale	240	4,371	—	4,611
Loans held for sale	2,608	589,206	—	591,814
Real estate investments	—	154,112	—	154,112
Equity investments	56,946	191,404	—	248,350
Investment in subsidiary	—	314,673	(314,673)	—
Other assets	1,418	11,630	—	13,048
Assets of discontinued operations	—	253,518	—	253,518
Total assets	$ 1,357,602	$ 1,828,121	$ (314,673)	$ 2,871,050
Liabilities and Equity				
Liabilities:				
Debt	$ —	$ —	$ —	$ —
Other borrowings	—	222,062	—	222,062
Deposit liabilities	1,018,601	—	—	1,018,601
Other liabilities	24,328	103,129	—	127,457
Liabilities of discontinued operations	—	114,719	—	114,719
Total liabilities	1,042,929	439,910	—	1,482,839
Commitments and Contingent Liabilities				
Equity:				
Common stock	1	100	(1)	100
Capital paid in excess of par value	167,493	1,240,834	(167,493)	1,240,834
Accumulated deficit	147,179	90,313	(147,179)	90,313
Accumulated other comprehensive income (loss), net of tax	—	(4,885)	—	(4,885)
Total stockholders' equity	314,673	1,326,362	(314,673)	1,326,362
Noncontrolling interests	—	61,849	—	61,849
Total equity	314,673	1,388,211	(314,673)	1,388,211
Total liabilities and equity	$ 1,357,602	$ 1,828,121	$ (314,673)	$ 2,871,050

Bank and Non-Capmark Bank Consolidating Balance Sheet (unaudited)
December 31, 2011
(in thousands)

(in thousands)	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 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

Bank and Non-Capmark Bank Consolidating Statement of Operations (unaudited)
For The Year Ended December 31, 2012
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Net Interest Income				
Interest income	$ 65,975	$ 43,010	$ —	$ 108,985
Interest expense	15,398	33,277	—	48,675
Net interest income	50,577	9,733	—	60,310
Noninterest Income				
Net losses on loans	169,106	61,186	(51,273)	179,019
Net (losses) gains on investments and real estate	4,066	(7,308)	(7,491)	(10,733)
Other gains, net	(9,532)	(2,694)	—	(12,226)
Equity in (loss) income of joint ventures and partnerships	(7,741)	31,265	1,928	25,452
Fee revenue	3,464	1,487	(1,424)	3,527
Net real estate investment and other income	(1,350)	1,017	—	(333)
Total noninterest income	158,013	84,953	(58,260)	184,706
Net revenue	208,590	94,686	(58,260)	245,016
Noninterest Expense				
Compensation and benefits	24,871	38,709	—	63,580
Professional fees	4,278	29,180	(1,424)	32,034
Occupancy and equipment	968	8,530	—	9,498
Other expenses	12,989	14,610	—	27,599
Total noninterest expense	43,106	91,029	(1,424)	132,711
Loss from continuing operations before income tax benefit	165,484	3,657	(56,836)	112,305
Income tax provision (benefit)	3,169	(4,869)	—	(1,700)
Loss from continuing operations after income tax benefit	162,315	8,526	(56,836)	114,005
Loss from discontinued operations, net of tax	—	(44,329)	—	(44,329)
Net loss	162,315	(35,803)	(56,836)	69,676
Plus: Net loss attributable to noncontrolling interests	—	54,216	(1,928)	52,288
Net income (loss) attributable to Capmark Financial Group Inc	$ 162,315	$ 18,413	$ (58,764)	$ 121,964

Bank and Non-Capmark Bank Consolidating Statement of Operations (unaudited)
For The Three Months Ended December 31, 2011
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Net Interest Income				
Interest income	$ 37,373	$ 8,997	$ —	$ 46,370
Interest expense	5,988	21,832	—	27,820
Net interest income	31,385	(12,835)	—	18,550
Noninterest Income				
Net losses on loans	(20,656)	(1,248)	—	(21,904)
Net (losses) gains on investments and real estate	(6,316)	(249)	—	(6,565)
Other gains, net	526	1,667	—	2,193
Equity in (loss) income of joint ventures and partnerships	(1,501)	14,182	(276)	12,405
Fee revenue	1,933	385	(563)	1,755
Net real estate investment and other income	(2,142)	1,404	—	(738)
Total noninterest income	(28,156)	16,141	(839)	(12,854)
Net revenue	3,229	3,306	(839)	5,696
Noninterest Expense				
Compensation and benefits	6,823	7,514	—	14,337
Professional fees	1,273	28,188	(563)	28,898
Occupancy and equipment	314	911	—	1,225
Other expenses	5,764	1,881	—	7,645
Total noninterest expense	14,174	38,494	(563)	52,105
Loss from continuing operations before income tax benefit	(10,945)	(35,188)	(276)	(46,409)
Income tax provision (benefit)	4,191	(7,702)	—	(3,511)
Loss from continuing operations after income tax benefit	(15,136)	(27,486)	(276)	(42,898)
Loss from discontinued operations, net of tax	—	(11,923)	—	(11,923)
Net loss	(15,136)	(39,409)	(276)	(54,821)
Plus: Net loss attributable to noncontrolling interests	—	22,894	276	23,170
Net income (loss) attributable to Capmark Financial Group Inc	$ (15,136)	$ (16,515)	$ —	$ (31,651)

Bank and Non-Capmark Bank Consolidating Statement of Stockholders' Equity (unaudited)
For The Year Ended December 31, 2012
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Common Stock				
Balance at beginning of period	$ 1	$ 100	$ (1)	$ 100
Additional shares issued	—	—	—	—
Balance at end of period	$ 1	$ 100	$ (1)	$ 100
Capital Paid in Excess of Par Value				
Balance at beginning of period	1,836,377	2,692,602	(1,836,377)	2,692,602
Additional shares issued	—	—	—	—
Stock-based compensation expense	—	3,176	—	3,176
Shareholder distributions	(1,679,623)	(1,454,296)	1,679,623	(1,454,296)
Other	10,739	(648)	(10,739)	(648)
Balance at end of period	167,493	1,240,834	(167,493)	1,240,834
Accumulated Deficit				
Balance at beginning of period	(15,136)	(31,651)	15,136	(31,651)
Net income attributable to Capmark Financial Group Inc.	162,315	121,964	(162,315)	121,964
Balance at end of period	147,179	90,313	(147,179)	90,313
Accumulated Other Comprehensive (Loss) Income, net of tax				
Balance at beginning of period	212	(1,617)	(212)	(1,617)
Other comprehensive income (loss)	(212)	(3,268)	212	(3,268)
Balance at end of period	—	(4,885)	—	(4,885)
Total Stockholders' Equity	314,673	1,326,362	(314,673)	1,326,362
Noncontrolling Interests				
Balance at beginning of period	—	205,764	(26,804)	178,960
Net loss attributable to noncontrolling interests	—	(54,216)	1,928	(52,288)
Other	—	(89,699)	24,876	(64,823)
Balance at end of period	—	61,849	—	61,849
Total Equity	$ 314,673	$ 1,388,211	$ (314,673)	$ 1,388,211

Bank and Non-Capmark Bank Consolidating Statement of Stockholders' Equity (unaudited)
For The Three Months Ended December 31, 2011
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Common Stock				
Balance at beginning of period	$ 1	$ 100	$ (1)	$ 100
Additional shares issued	—	—	—	—
Balance at end of period	1	100	(1)	100
Capital Paid in Excess of Par Value				
Balance at beginning of period	1,835,850	2,690,800	(1,835,850)	2,690,800
Additional shares issued	—	—	—	—
Stock-based compensation expense	—	1,802	—	1,802
Other	527	—	(527)	—
Balance at end of period	1,836,377	2,692,602	(1,836,377)	2,692,602
Accumulated Deficit				
Balance at beginning of period	—	—	—	—
Net loss attributable to Capmark Financial Group Inc.	(15,136)	(31,651)	15,136	(31,651)
Balance at end of period	(15,136)	(31,651)	15,136	(31,651)
Accumulated Other Comprehensive (Loss) Income, net of tax				
Balance at beginning of period	—	—	—	—
Other comprehensive income (loss)	212	(1,617)	(212)	(1,617)
Balance at end of period	212	(1,617)	(212)	(1,617)
Total Stockholders' Equity	1,821,454	2,659,434	(1,821,454)	2,659,434
Noncontrolling Interests				
Balance at beginning of period	—	496,079	(26,665)	469,414
Net loss attributable to noncontrolling interests	—	(23,446)	276	(23,170)
Other	—	(266,869)	(415)	(267,284)
Balance at end of period	—	205,764	(26,804)	178,960
Total Equity	$ 1,821,454	$ 2,865,198	$(1,848,258)	$ 2,838,394

Bank and Non-Capmark Bank Consolidating Statement of Cash Flows (unaudited)
For The Year Ended December 31, 2012
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Operating Activities of Continuing Operations				
Net income (loss).	$ 162,315	$ (92,639)	$ —	$ 69,676
Net loss from discontinued operations	—	(44,329)	—	(44,329)
Net income (loss) from continuing operations	162,315	(48,310)	—	114,005
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities of continuing operations:				
Provision for deferred income taxes	—	—	—	—
Net (gains) losses	(154,367)	(1,693)	—	(156,060)
Net accretion of fresh start accounting adjustments	(73,471)	8,229	—	(65,242)
Equity in net income of investees and cash return on investment	250	(23,220)	—	(22,970)
Stock-based compensation expense	—	3,380	—	3,380
Other, net	—	9,430	—	9,430
Net change in assets and liabilities which provided (used) cash:				
Accounts and other receivables	53,215	38,091	—	91,306
Other assets	53,130	37,363	—	90,493
Other liabilities	(47,331)	(60,686)	—	(108,017)
Current taxes payable	—	111	—	111
Funding advances for loans held for sale	—	—	—	—
Proceeds from sales of/payments from loans held for sale	1,856,149	1,219,433	—	3,075,582
Net cash provided by operating activities of continuing operations	1,849,890	1,182,128	—	3,032,018
Investing Activities of Continuing Operations				
Net decrease in restricted cash	—	54,045	—	54,045
Proceeds from sales of investment securities classified as available for sale	11,732	7,184		18,916
Repayments of investment securities classified as available for sale	570,657	—	—	570,657
Proceeds from sales of real estate investments	120,710	160,867	—	281,577
Proceeds from sales of/capital distributions from equity investments	—	101,463	—	101,463
Other investing activities, net	(993)	(2,723)	2,027	(1,689)
Net cash provided by investing activities of continuing operations	702,106	320,836	2,027	1,024,969
Financing Activities of Continuing Operations				
Repayments of debt	—	(738,959)	—	(738,959)
Repayments of other borrowings	(391,069)	(36,741)	—	(427,810)
Transfer of deposit liabilities	(874,026)	—	—	(874,026)
Repayment of deposit liabilities	(1,909,451)	—	—	(1,909,451)
Noncontrolling interest proceeds	—	2,027	(2,027)	—
Distributions to shareholders	(368,183)	(1,454,296)	368,183	(1,454,296)
Other financing activities, net	—	2,348	—	2,348
Net cash used in financing activities of continuing operations	(3,542,729)	(2,225,621)	366,156	(5,402,194)
Effect of Foreign Exchange Rates on Cash	—	(89)	—	(89)
Discontinued Operations				
Net cash used in operating activities of discontinued operations	—	(18,192)	—	(18,192)
Net cash provided by investing activities of discontinued operations	—	259,613	—	259,613
Net cash used in financing activities of discontinued operations	—	(65,016)	—	(65,016)
Net cash provided by discontinued operations	—	176,405	—	176,405
Net Decrease in Cash and Cash Equivalents	(990,733)	(546,341)	368,183	(1,168,891)
Cash and Cash Equivalents, Beginning of Period	2,286,889	450,922	—	2,737,811
Cash and Cash Equivalents, End of Period	$ 1,296,156	$ (95,419)	$ 368,183	$ 1,568,920

Bank and Non-Capmark Bank Consolidating Statement of Cash Flows (unaudited)
For The Three Months Ended December 31, 2011
(in thousands)

	Capmark Bank	Non – Capmark Bank	Eliminations	Consolidated
Operating Activities of Continuing Operations				
Net income (loss)	$ (15,136)	$ (39,685)	$ —	$ (54,821)
Net loss from discontinued operations	—	(11,923)	—	(11,923)
Net income (loss) from continuing operations	(15,136)	(27,762)	—	(42,898)
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by operating activities of continuing operations:				
Net (gains) losses	25,665	(1,338)	—	24,327
Net accretion of fresh start accounting adjustments	(29,117)	5,163	—	(23,954)
Equity in net income of investees and cash return on investment	(391)	(9,221)	—	(9,612)
Stock-based compensation expense	—	1,801	—	1,801
Other, net	—	(1,760)	—	(1,760)
Net change in assets and liabilities which provided (used) cash:				
Accounts and other receivables	25,386	2,714	—	28,100
Other assets	466	9,417	—	9,883
Other liabilities	(298)	(41,947)	—	(42,245)
Current taxes payable	3,676	(3,475)	—	201
Funding advances for loans held for sale	(5,432)	(553)	—	(5,985)
Proceeds from sales of/payments from loans held for sale	585,556	156,659	—	742,215
Net cash provided by operating activities of continuing operations	590,375	89,698	—	680,073
Investing Activities of Continuing Operations				
Net decrease in restricted cash	—	351,264	—	351,264
Proceeds from sales of investment securities classified as available for sale	—	—	—	—
Repayments of investment securities classified as available for sale	106,406	25	—	106,431
Proceeds from sales of real estate investments	32,454	35,528	—	67,982
Proceeds from sales of/capital distributions from equity investments	—	20,572	—	20,572
Other investing activities, net	(415)	(319)	—	(734)
Net cash provided by investing activities of continuing operations	138,445	407,070	—	545,515
Financing Activities of Continuing Operations				
Repayments of debt	—	(550,310)	—	(550,310)
Repayments of other borrowings	—	—	—	—
Transfer of deposit liabilities	—	—	—	—
Repayment of deposit liabilities	(37,752)	—	—	(37,752)
Distributions to shareholders	—	—	—	—
Other financing activities, net	—	(589)	—	(589)
Net cash used in financing activities of continuing operations	(37,752)	(550,899)	—	(588,651)
Effect of Foreign Exchange Rates on Cash	—	(955)	—	(955)
Discontinued Operations				
Net cash provided by operating activities of discontinued operations	—	9,204	—	9,204
Net cash provided by investing activities of discontinued operations	—	66,927	—	66,927
Net cash provided by discontinued operations	—	76,131	—	76,131
Net Increase in Cash and Cash Equivalents	691,068	21,045	—	712,113
Cash and Cash Equivalents, Beginning of Period	1,595,821	429,877	—	2,025,698
Cash and Cash Equivalents, End of Period	$ 2,286,889	$ 450,922	$ —	$ 2,737,811