Capmark Financial Group Inc.
Report as of and for the three months ended
March 31, 2013 and 2012

FINANCIAL INFORMATION

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

CAPMARK FINANCIAL GROUP INC.

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CAPMARK FINANCIAL GROUP INC.
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MANAGEMENT'S COMMENTARY ON FINANCIAL CONDITION AND RESULTS OF OPERATIONS

When the term "Company" is used, it refers to Capmark Financial Group Inc. and its consolidated subsidiaries, except where it is clear that the term means only the parent company, Capmark Financial Group Inc. without consolidated subsidiaries. Capmark Financial Group Inc. prior to its emergence from bankruptcy is referred to as "Predecessor CFGI" following its emergence from bankruptcy is referred to as "Successor CFGI" or "CFGI".

Forward-Looking Statements

The Company's report for the three months ended March 31, 2013 and 2012 ("Quarterly Report") contains statements that are "forward-looking statements". Forward-looking statements relate to expectations, beliefs, projections, future plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. All statements contained herein that are not clearly historical in nature are forward-looking. In some cases, you can identify these statements by use of forward-looking words such as "may," "will," "should," "anticipate," "estimate," "expect," "plan," "believe," "predict," "potential," "project," "intend," "could" or similar expressions. In particular, statements regarding the Company's plans, strategies, prospects and expectations regarding its business are forward-looking statements. You should be aware that these statements and any other forward-looking statements in this document only reflect the Company's beliefs, assumptions and expectations and are not guarantees of performance. These statements involve risks, uncertainties and assumptions. Many of these risks, uncertainties and assumptions are beyond the Company's control and may cause actual results and performance to differ materially from the Company's expectations.

Forward-looking statements are based on the Company's beliefs, assumptions and expectations of its future performance, taking into account all information currently available to the Company. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to the Company or are within its control. If a change occurs, the Company's business, financial condition, and liquidity may vary materially from those expressed in its forward-looking statements. Important factors that could cause our actual results to be materially different from our expectations include the risks and uncertainties set forth in "Risk Factors" in the Company's Report as of and for the periods ended December 31, 2012 and 2011.

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

Overview and Basis of Presentation

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. This Quarterly Report should be read in conjunction with the Company's Report as of and for the periods ended December 31, 2012 and 2011.

Highlights for First Quarter 2013:

- The Company realized total proceeds of $180 million from the monetization of loan and REO assets.
- The Company achieved consolidated net gains on loans, investments and real estate of $12 million.
- Capmark Bank made a distribution to CFGI 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.
- The Company recorded an unrealized gain of $14 million on its shares in a collateralized debt obligation which was included in accumulated other comprehensive income on the consolidated balance sheet as of March 31,

2013. The Company received $14 million of cash proceeds when the shares were redeemed subsequent to the end of the first quarter.

- The Company continued to reduce its staffing levels and office locations commensurate with the reduction in assets and operating activities. The Company reduced its staff from 90 employees at year end to 70 at March 31, 2013 and expects to have approximately 55 employees by the end of the second quarter. The Company also plans to reduce its five office locations at March 31, 2013 to three by the end of the second quarter.

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.

Presentation of the Company's Statement of Financial Condition

Consolidated Balance Sheet

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

	March 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 1,103,857	$ 1,478,882
Restricted cash	105,222	75,219
Accounts and other receivables	54,485	51,496
Investment securities available for sale	17,600	4,611
Loans held for sale	440,399	591,814
Real estate investments	134,597	154,112
Equity investments	209,105	248,350
Other assets	11,782	13,048
Assets of discontinued operations	171,084	253,518
Total assets	$ 2,248,131	$ 2,871,050
Liabilities and Equity		
Liabilities:		
Deposit liabilities	910,380	1,018,601
Other borrowings	200,685	222,062
Other liabilities	111,470	127,457
Liabilities of discontinued operations	83,966	114,719
Total liabilities	1,306,501	1,482,839
Commitments and Contingent Liabilities		
Equity:		
Common stock	100	100
Capital paid in excess of par value	790,192	1,240,834
Retained earnings	88,524	90,313
Accumulated other comprehensive income (loss), net of tax	7,493	(4,885)
Total Capmark Financial Group Inc. stockholders' equity	886,309	1,326,362
Noncontrolling interests	55,321	61,849
Total equity	941,630	1,388,211
Total liabilities and equity	$ 2,248,131	$ 2,871,050

The consolidated balance sheet of the Company included $2.2 billion and $2.9 billion of assets as of March 31, 2013 and December 31, 2012, respectively. The assets were primarily comprised of a portfolio of loans, real estate, real estate-related assets and cash and cash equivalents, of which $1.1 billion and $1.4 billion of total assets were held at Capmark Bank and $171.1 million and $253.5 million were associated with discontinued operations as of March 31, 2013 and December 31, 2012, respectively.

The consolidated balance sheet of the Company also included $1.3 billion and $1.5 billion of liabilities as of March 31, 2013 and December 31, 2012, respectively. The liabilities included $0.9 billion and $1.0 billion at Capmark Bank and $84.0 million and $114.7 million associated with discontinued operations as of March 31, 2013 and December 31, 2012, respectively. Capmark Bank's liabilities were primarily comprised of Federal Deposit Insurance Corporation ("FDIC")-insured deposit liabilities as of March 31, 2013 and December 31, 2012.

Capmark Financial Group Inc. stockholders' equity as of March 31, 2013 of $0.9 billion, as compared to $1.3 billion as of December 31, 2012, was reduced by the $451.1 million of cash distributions to holders of the Company's common stock.

Segment Balance Sheets

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

	March 31, 2013				
Assets from Continuing Operations	**Capmark Bank**	**North American Asset Management**	**Real Estate Investment Funds**	**Corporate and Other**	**Total**
Cash and cash equivalents	$ 1,025,104	$ —	$ 2,688	$ 76,065	$ 1,103,857
Restricted cash	—	—	—	105,222	105,222
Accounts and other receivables	239	38,349	—	15,897	54,485
Investment securities available for sale	—	—	—	17,600	17,600
Loans held for sale	—	426,698	—	13,701	440,399
Real estate investments	—	134,597	—	—	134,597
Equity investments	56,430	27,553	124,823	299	209,105
Other assets	972	2,884	—	7,926	11,782
Total continuing operations assets	$ 1,082,745	$ 630,081	$ 127,511	$ 236,710	$ 2,077,047

	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

Capmark Bank

The decrease in cash and cash equivalents from $1.3 billion as of December 31, 2012 to $1.0 billion as of March 31, 2013 was due primarily to the repayment of $99.8 million brokered certificates of deposit ("Brokered CDs") and $157.1 million of cash distributions to CFGI. Capmark Bank sold its remaining $2.6 million portfolio of loans and related funding commitments in the three months ended March 31, 2013.

North American Asset Management

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

	March 31, 2013		December 31, 2012	
	Number of assets	**Aggregate carrying value**	**Number of assets**	**Aggregate carrying value**
Loans held for sale - performing	11	$ 235,188	21	$ 332,812
Loans held for sale - nonperforming	6	29,122	10	68,332
Real estate acquired through foreclosure	10	134,597	13	154,112
Equity investments in real estate acquired through foreclosure and other	6	27,553	7	45,822
Total	33	$ 426,460	51	$ 601,078

The decrease in the carrying value of loans held for sale and real estate investments as of March 31, 2013 compared to December 31, 2012 was primarily due to the disposition of and collection on assets.

The North American Asset Management segment also included $162.4 million and $172.4 million of loans held for sale, as of March 31, 2013 and December 31, 2012, 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 following table presents a summary of assets disposed and proceeds collected from assets of the North American Asset Management segment (in thousands, except number of assets):

	Three Months Ended March 31, 2013		
	Number of assets	**Proceeds received**	**Percentage of prior quarter carrying value (1)**
Loans held for sale - performing	10	$ 100,235	100%
Loans held for sale - nonperforming	3	42,796	130
Real estate acquired through foreclosure	3	19,784	98
Equity investments in real estate acquired through foreclosure and other	2	14,344	93
Total	18	$ 177,159	105%

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.

Real Estate Investment Funds

The aggregate carrying value, excluding cash and cash equivalents, of the 17 investments in the Real Estate Investment Funds segment was $124.8 million as of March 31, 2013 compared to the 18 investments with a carrying value of $145.3 million as of December 31, 2012. The decrease in the carrying value of the investments is primarily due to $21.2 million of cash distributions received from the underlying funds in the three months ended March 31, 2013.

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 $55.4 million and $45.1 million as of March 31, 2013 and December 31, 2012. These assets primarily consisted of loans originated by the Company's European operations, investment securities available for sale, and other assets as of March 31, 2013 and December 31, 2012. The increase in the value of the remaining assets, excluding cash and cash equivalents compared to December 31, 2012 is primarily due to an increase in the carrying value of an investment security classified as available for sale due to recording an unrealized gain. The investment security sale transaction was completed and the gain was recognized in the second quarter 2013.

Discontinued Operations and Noncontrolling Interests

The following table presents a summary of assets and liabilities of discontinued operations, including the low-income housing tax credit ("LIHTC") business and former Asian Operations segment (in thousands):

	March 31, 2013			December 31, 2012		
	LIHTC Business	**Former Asian Operations**	**Total**	**LIHTC Business**	**Former Asian Operations**	**Total**
Assets of discontinued operations	$ 148,888	$ 22,196	$ 171,084	$161,372	$92,146	$253,518
Liabilities of discontinued operations	79,465	4,501	83,966	85,609	29,110	114,719
Noncontrolling interests	45,686	—	45,686	52,027	—	52,027

The decrease in the assets and liabilities of discontinued operations as of March 31, 2013 compared to December 31, 2012 is primarily due to payments made under the settlement agreement with Japanese lenders and the sale of assets and resolution of related liabilities associated with the LIHTC business.

The Company's total equity as of March 31, 2013 and December 31, 2012, respectively included $55.3 million and $61.8 million of noncontrolling interests. Included in the noncontrolling interests as of March 31, 2013 and December 31, 2012, respectively were $45.7 million and $52.0 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 three months ended March 31, 2013 was primarily due to the sale of assets associated with the LIHTC business during the period.

Presentation of the Company's Results of Operations

Consolidated Results of Operations

The following table presents the consolidated results of operations (in thousands):

	Three months ended March 31, 2013
Interest income	$ 12,324
Interest expense	2,023
Net interest income	10,301
Noninterest income	10,287
Net revenue	20,588
Noninterest expense	18,938
Income from continuing operations before income taxes	1,650
Income tax provision	159
Income from continuing operations after income taxes	1,491
Loss from discontinued operations, net of tax	(8,173)
Net loss	(6,682)
Plus: Net loss attributable to noncontrolling interests	4,893
Net loss attributable to Capmark Financial Group Inc.	$ (1,789)

The income from continuing operations before income taxes of $1.7 million in the three months ended March 31, 2013 was primarily due to $12.3 million of interest income on loans held for sale and investment securities available for sale and $10.3 million of noninterest income substantially offset by $18.9 million of noninterest expense and $2.0 million of interest expense. Interest income in the three months ended March 31, 2013 included the recognition of $5.5 million of previously deferred interest on loans held for sale. Noninterest income of $10.3 million primarily included $12.1 million of realized gains on full or partial dispositions of loans held for sale partially offset by $1.1 million of net losses from the application of LOCOM to loans held for sale. The $18.9 million of noninterest expense included $8.8 million of compensation and benefits costs and $5.7 million of professional fees, of which $2.0 million was attributable to fees of restructuring and advisory professionals and $0.8 million was attributable to fees associated with the former new markets tax credit ("NMTC") business. Compensation and benefits costs in the three months ended March 31, 2013 included $1.8 million for severance costs and $1.5 million for long term incentive plans. The $2.0 million of interest expense primarily included $10.2 million of contractual interest expense from deposit liabilities at Capmark Bank offset by $8.4 million from the accretion of the fresh start accounting premium for the deposit liabilities.

Noninterest Income

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

	Three months ended March 31, 2013
Net gains on loans	$ 10,832
Net gains on investments and real estate(1)	800
Other losses, net(2)	(1,489)
Equity in income of joint ventures and partnerships	465
Fee revenue	133
Net real estate investment (loss) income(3)	(991)
Other income(3)	537
Total	$ 10,287

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 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).

Net gains on loans of $10.8 million for the three months ended March 31, 2013 primarily included $12.1 million of realized gains on full or partial dispositions of loans held for sale partially offset by $1.1 million of net losses from the application of LOCOM to loans held for sale. Other losses, net included $1.5 million of net losses associated with foreign currency remeasurement adjustments principally associated with the former Asian Operations segment.

Noninterest Expense

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

	Three months ended March 31, 2013
Compensation and benefits	$ 8,760
Professional fees – restructuring and advisory professionals	1,955
Professional fees	3,715
Occupancy and equipment	658
Corporate insurance	440
Other expenses(1)	3,410
Total	$ 18,938

Note:

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

Compensation and benefit costs for the three months ended March 31, 2013 included $6.0 million of salary and benefits expense and $2.8 million of expense associated with various incentive compensation programs. The $6.0 million of salary and benefits expense included $1.3 million of employee benefits costs and $1.8 million of severance costs associated with the planned reduction of employees. The $2.8 million of incentive compensation expense included $1.5 million for long term incentive plans, $0.4 million of expense for retention programs and $0.5 million for stock-based compensation expense.

Professional fees included fees for the services of restructuring and advisory professionals relating to the administration and resolution of bankruptcy related matters 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 $2.0 million for the three months ended March 31, 2013.

Professional fees included $0.4 million of fees for accounting and tax services professionals and $1.8 million of other legal fees in the three months ended March 31, 2013. Professional fees also included $0.5 million of management fees paid by consolidated variable interest entities ("VIEs") associated with the Company's former NMTC program and $0.3 million of success fees payable to third parties associated with the Company's former NMTC program that are fully offset in interest income.

Income Taxes

The Company 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 March 31, 2013.

Discontinued Operations

The loss from discontinued operations of $8.2 million for the three months ended March 31, 2013 is due to a $4.5 million net loss associated with the LIHTC business platform and a $3.7 million of net loss from the former Asian Operations segment. Activity in the LIHTC business platform included $3.5 million of noninterest losses associated with the equity investments. The noninterest losses of the LIHTC business platform are substantially offset by the net loss attributable to noncontrolling interests and have a limited impact on the net income attributable to the Company. The net loss from the former Asian Operations segment is primarily due to $5.3 million of operating expenses partially offset by a $1.4 million decrease to the estimated liability under the settlement agreement with Japanese lenders based upon the Company's projections of future distributions.

Noncontrolling Interests

The net loss attributable to noncontrolling interests of $4.9 million for the three months ended March 31, 2013 was due to the portion of the loss attributable to third party investors primarily in certain LIHTC partnerships that are consolidated under applicable accounting guidance.

Liquidity and Capital Resources

As of March 31, 2013, the Company's continuing operations had $1.2 billion in total cash and cash equivalents (including restricted cash), of which $1.0 billion was held by Capmark Bank and $0.2 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	March 31, 2013	December 31, 2012
Capmark Bank cash and cash equivalents	$ 1,025,104	$ 1,296,156
Non-Capmark Bank:		
Cash and cash equivalents	78,753	182,726
Restricted cash	105,222	75,219
Total cash, cash equivalents and restricted cash attributable to continuing operations	$ 1,209,079	$ 1,554,101

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

Restricted Cash	March 31, 2013	December 31, 2012
Cash from consolidated VIEs	$ 77,243	$ 49,663
Bankruptcy disputed administrative, priority and convenience class claims escrow	8,865	8,865
Distribution escrow	9,778	7,462
Other	9,336	9,229
Restricted cash from continuing operations	$ 105,222	$ 75,219

Cash from consolidated VIEs is 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 increase in the related restricted cash as of March 31, 2013 as compared to December 31, 2012 was due primarily to the monetization of an underlying asset in an NMTC-related VIE which resulted in cash at the VIE. In the second quarter of 2013, the Company received $40.5 million attributable to that restricted cash.

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. On October 2, 2009, Capmark Bank consented to cease and desist orders (the "C&D Orders") with the FDIC and the Utah Department of Financial Institutions ("UDFI"). 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 FDIC and the UDFI.

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. The Company also expects that Capmark Bank has sufficient liquidity to meet its needs for cash for the next 12 months, including paying its operating expenses and interest and principal due on maturing deposit liabilities and other liabilities.

Significant Transactions

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

Capmark Bank distributed $157.1 million and $4.9 million in cash to CFGI in February and May 2013, respectively.

Financing Arrangements

Brokered CDs of Capmark Bank

At March 31, 2013, the contractual amount outstanding of the deposit liabilities was $901.4 million with a weighted average remaining maturity of 3 months. Term to maturity of Brokered CDs is calculated using the contractual maturity date.

Other Borrowings

Other borrowings of $200.7 million as of March 31, 2013 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 the settlement agreement with Japanese lenders that are included in liabilities of discontinued operations on the consolidated balance sheet. See Note 12 of the Company's Report as of and for the periods ended December 31, 2012 and 2011.

Settlement of Japanese Loans under the Unsecured Credit Agreement

In accordance with the settlement agreement with Japanese lenders, the Japanese borrowers made payments of ¥2.0 billion (approximately $22.3 million) to the applicable Japanese lenders since December 31, 2012. After taking into account the April 5, 2013 payment, the contractual amount owed under the settlement agreement with Japanese lenders was ¥2.3 billion (approximately $23.4 million) and the carrying amount of the estimated liability was ¥35.8 million (approximately $0.4 million).

Crystal Ball Settlement Agreement

In accordance with the Crystal Ball Settlement Agreement, Crystal Ball Holding of Bermuda Limited made payments to the holders of the Predecessor CFGI unsecured loans and unsecured notes of $6.6 million since December 31, 2012. After taking into account the April 12, 2013 payment, the carrying amount of the estimated liability under the Crystal Ball Settlement Agreement was $0.2 million.

Concentrations of Risk

Non-Performing Assets

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

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

	March 31, 2013	December 31, 2012
Gross principal balance of loans held for sale	$ 56,794	$ 129,769
Historical basis and fresh start adjustments (1)	(8,475)	(40,530)
Basis and other adjustments (2)	(9,595)	(10,570)
Carrying value of non-performing loans held for sale	$ 38,724	$ 78,669
Carrying value as a percentage of all originated loans held for sale (3)	14.1%	19.7%

Notes:

(1) Includes basis adjustments at and prior to emergence from bankruptcy.

(2) Includes adjustments for the application of LOCOM subsequent to emergence from bankruptcy.

(3) Calculation excludes $162.4 million and $172.4 million of loans held for sale as of March 31, 2013 and December 31, 2012, respectively, that were no longer owned by the Company but continue to be recognized on the Company's balance sheet as a result of accounting for the transfers of these loans as financings under ASC 860.

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

	March 31, 2013	December 31, 2012
Basis in REO (1)	$ 167,370	$ 217,724
LOCOM and other adjustments (2)	(6,571)	(22,434)
Carrying value of REO	$ 160,799	$ 195,290

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.

FINANCIAL STATEMENTS

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

	March 31, 2013	December 31, 2012
Assets		
Cash and cash equivalents	$ 1,103,857	$ 1,478,882
Restricted cash (1)	105,222	75,219
Accounts and other receivables (1)	54,485	51,496
Investment securities available for sale	17,600	4,611
Loans held for sale (1)	440,399	591,814
Real estate investments (1)	134,597	154,112
Equity investments	209,105	248,350
Other assets (1)	11,782	13,048
Assets of discontinued operations (1)	171,084	253,518
Total assets	$ 2,248,131	$ 2,871,050
Liabilities and Equity		
Liabilities:		
Deposit liabilities	910,380	1,018,601
Other borrowings (1)	200,685	222,062
Other liabilities (1)	111,470	127,457
Liabilities of discontinued operations (1)	83,966	114,719
Total liabilities	1,306,501	1,482,839
Commitments and Contingent Liabilities		
Equity:		
Common stock, $.001 par value; shares authorized — 110,000,000; shares issued and outstanding —100,242,722 at March 31, 2013 and December 31, 2012	100	100
Capital paid in excess of par value	790,192	1,240,834
Retained earnings	88,524	90,313
Accumulated other comprehensive (loss) income, net of tax	7,493	(4,885)
Total Capmark Financial Group Inc. stockholders' equity	886,309	1,326,362
Noncontrolling interests	55,321	61,849
Total equity	941,630	1,388,211
Total liabilities and equity	$ 2,248,131	$ 2,871,050

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 7 for further discussion.

	March 31, 2013	December 31, 2012
Assets		
Restricted cash	$ 77,243	$ 49,663
Accounts and other receivables	864	1,055
Loans held for sale	139,017	181,794
Real estate investments	22,734	22,225
Other assets	2,037	1,482
Assets of discontinued operations	53,260	65,606
Total assets	$ 295,155	$ 321,825

	March 31, 2013	December 31, 2012
Liabilities		
Other borrowings	$ 4,865	$ 4,903
Other liabilities	1,651	2,011
Liabilities of discontinued operations	7,574	13,580
Total liabilities	$14,090	$ 20,494

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net Interest Income		
Interest income	$ 12,324	$ 38,273
Interest expense	2,023	20,000
Net interest income	10,301	18,273
Noninterest Income		
Net gains on loans	10,832	21,281
Net gains (losses) on investments and real estate	800	(2,799)
Other losses, net	(1,489)	(7,818)
Equity in income of joint ventures and partnerships	465	3,631
Fee revenue	133	1,877
Net real estate investment and other income	(454)	2,047
Total noninterest income	10,287	18,219
Net revenue	20,588	36,492
Noninterest Expense		
Compensation and benefits	8,760	14,778
Professional fees	5,670	5,877
Occupancy and equipment	658	1,413
Other expenses	3,850	7,495
Total noninterest expense	18,938	29,563
Income from continuing operations before income tax provision	1,650	6,929
Income tax provision (benefit)	159	(344)
Income from continuing operations after income tax provision	1,491	7,273
Loss from discontinued operations, net of tax (includes gain on sale of $0 and $12,518, respectively)	(8,173)	(11,219)
Net loss	(6,682)	(3,946)
Plus: Net loss attributable to noncontrolling interests	4,893	26,947
Net (loss) income attributable to Capmark Financial Group Inc.	$ (1,789)	23,001
Other comprehensive income (loss)		
Net unrealized gain (loss) on investment securities	13,310	(211)
Net foreign currency translation	(932)	(3,121)
Other comprehensive income (loss)	12,378	(3,332)
Comprehensive income (loss) attributable to Capmark Financial Group Inc.	$ 10,589	$ 19,669
Basic and diluted net income per share from continuing operations	$ 0.06	$ 0.34
Basic and diluted net (loss) income per share attributable to Capmark Financial Group Inc.	(0.02)	0.23
Basic weighted average shares outstanding	99,781	99,594
Diluted weighted average shares outstanding	99,787	99,705

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

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

	Three Months Ended March 31, 2013	Year ended December 31, 2012
Common Stock		
Number of shares outstanding at beginning of period	100,242,722	100,052,475
Additional shares issued	—	243,767
Treasury shares retired	—	(53,520)
Number of shares outstanding at end of period	100,242,722	100,242,722
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	1,240,834	2,692,602
Additional shares issued	—	—
Shareholder distributions	(451,092)	(1,454,296)
Treasury shares retired.	—	(648)
Stock-based compensation	450	3,176
Balance at end of period	790,192	1,240,834
Retained Earnings (Accumulated Deficit)		
Balance at beginning of period	90,313	(31,651)
Net (loss) income attributable to Capmark Financial Group Inc.	(1,789)	121,964
Balance at end of period	88,524	90,313
Accumulated Other Comprehensive (Loss) Income, net of tax		
Balance at beginning of period	(4,885)	(1,617)
Other comprehensive (loss) income	12,378	(3,268)
Balance at end of period	7,493	(4,885)
Total Capmark Financial Group Inc. Stockholders' Equity	886,309	1,326,362
Noncontrolling Interests		
Balance at beginning of period	61,849	178,960
Net loss attributable to noncontrolling interests	(4,893)	(52,288)
Other comprehensive (loss) income attributable to noncontrolling interests	—	—
Other (includes impact of sale of discontinued operations assets)	(1,635)	(64,823)
Balance at end of period	55,321	61,849
Total Equity	$ 941,630	$ 1,388,211

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

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
Net Cash Provided By Operating Activities of Continuing Operations	$ 125,778	$ 532,234
Investing Activities of Continuing Operations		
Net (increase) decrease in restricted cash	(30,003)	33,319
Proceeds from sales of investment securities classified as available for sale	240	—
Repayments of investment securities classified as available for sale	—	569,257
Proceeds from sales of real estate investments	20,315	122,710
Proceeds from sales of/capital distributions from equity investments	39,353	5,338
Other investing activities, net	2	(664)
Net cash provided by investing activities of continuing operations	29,907	729,960
Financing Activities of Continuing Operations		
Repayments of debt	—	(272,473)
Repayments of other borrowings	(21,377)	(322,109)
Repayment of deposit liabilities	(99,819)	(660,927)
Distribution to shareholders	(451,092)	—
Other financing activities, net	(150)	—
Net cash used in financing activities of continuing operations	(572,438)	(1,255,509)
Effect of Foreign Exchange Rates on Cash	(676)	(6,810)
Discontinued Operations		
Net cash (used in) provided by operating activities of discontinued operations	(4,924)	7,857
Net cash used in investing activities of discontinued operations	(2,467)	(30,186)
Net cash used in financing activities of discontinued operations	(20,517)	—
Net cash used in discontinued operations	(27,908)	(22,329)
Net Decrease in Cash and Cash Equivalents	(445,337)	(22,454)
Cash and Cash Equivalents, Beginning of Period(1)(2)	1,568,920	2,737,811
Cash and Cash Equivalents, End of Period(3)(4)	$ 1,123,583	$ 2,715,357
Supplemental Disclosures of Cash Flow Information:		
Income taxes refunded, net	177	3,249
Interest paid	15,413	54,177

Notes:

(1) 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.

(2) 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.

(3) Cash and cash equivalents exclude restricted cash of $182.2 million from continuing and discontinued operations and include non-restricted cash of discontinued operations of $19.7 million, respectively as of March 31, 2013.

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

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

NOTES TO FINANCIAL STATEMENTS

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

1. Organization and Operations

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

Prior to October 25, 2009, Capmark Financial Group Inc. (Capmark Financial Group Inc. prior to its emergence from bankruptcy is referred to as "Predecessor CFGI") was a diversified commercial real estate finance company that provided financial services to investors in commercial real estate-related assets through three core businesses: lending and mortgage banking, investments and funds management, and servicing.

On October 25, 2009, Predecessor CFGI and certain of its subsidiaries filed voluntary petitions for relief under chapter 11 of the US Bankruptcy Code ("chapter 11 of the Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware. On January 15, 2010, Capmark Investments LP and on July 29, 2010, Protech Holdings C LLC commenced their respective voluntary cases under chapter 11 of the Bankruptcy Code. The entities which filed voluntary cases under chapter 11 of the Bankruptcy Code are referred to herein as the "Debtors". Certain of the Debtors, including Capmark Financial Group Inc. (Capmark Financial Group Inc. following its emergence from bankruptcy is referred to as "Successor CFGI" 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 March 31, 2013. The remaining Debtors are primarily managing member entities associated with the Company's low-income housing tax credit ("LIHTC") business.

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.

2. Basis of Presentation and Recently Issued Accounting Standards

Basis of Presentation

The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim reporting. Accordingly, these financial statements do not include all of the information and footnote disclosures required for annual financial reporting. These interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Report as of and for the periods ended December 31, 2012 and 2011. The Company's results for any interim period are not necessarily indicative of results for a full year or any other interim period.

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

The accompanying consolidated financial statements include financial information for Successor CFGI and its consolidated subsidiaries, including wholly-owned and majority owned subsidiaries in which the Company has a controlling financial interest such as Capmark Bank and those variable interest entities ("VIEs") for which the Company is deemed the primary beneficiary. In certain cases, legal ownership interests and controlling financial interest do not strictly align and there are other specific consolidation criteria that must be applied under GAAP, and in those cases the Company follows the accounting policies more fully described in Note 3 of the consolidated financial statements included in Company's Report as of and for the periods ended December 31, 2012 and 2011. All significant intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the consolidated financial statements include all adjustments, consisting of normal recurring accruals, necessary to present fairly the financial position of the Company as of March 31, 2013 and the results of its operations and cash flows for the interim periods presented.

Recently Issued Accounting Standards

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 did not 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 did not 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 did not 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 has been reflected in preparing 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.

In April 2013, the FASB issued ASU 2013-07, *Presentation of Financial Statements (Topic 205): Liquidation Basis of Accounting* ("ASU 2013-07"). The update requires an entity to prepare its financial statements using liquidation basis of accounting when it determines that liquidation is eminent. Under the update, liquidation would be considered imminent when either a) a plan of liquidation has been approved by the person(s) with the authority to make such a plan effective and the likelihood is remote that the execution of the plan will be blocked or that the entity will return from liquidation or b) a plan for liquidation was imposed by other forces and the likelihood is remote that the entity will return from liquidation. ASU 2013-7 also provides additional guidance on the presentation requirements and minimum disclosures required for an entity under liquidation accounting. The update is effective for an entity that determines liquidation is imminent during the annual reporting periods beginning after December 15, 2013, and the interim reporting periods therein. The Company is currently evaluating the impact of adopting the guidance in ASU 2013-07.

3. Investment Securities Available For Sale

The following table summarizes the fair value of the Company's investment securities classified as available for sale (in thousands):

	March 31, 2013				December 31, 2012			
	Amortized cost	Unrealized gains	Unrealized losses	Fair value	Amortized cost	Unrealized gains	Unrealized losses	Fair value
Total	$ 918	$ 16,682	$ —	$ 17,600	$ 1,246	$ 3,365	$ —	$ 4,611

See Note 16 for further information on the redemption of investment securities classified as available for sale after March 31, 2013.

4. Loans Held for Sale

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

	March 31, 2013		December 31, 2012	
Collateral type	Carrying amount	Carrying amount	Carrying amount	Percent of portfolio
Hospitality	$ 90,264	20%	$ 90,076	15%
Retail	29,122	7	67,945	11
Multifamily	16,120	4	34,517	6
Office	9,114	2	46,714	8
Healthcare	2,539	1	21,338	4
Mixed-use and other(1)	293,240	66	331,224	56
Total	$ 440,399	100%	$ 591,814	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, industrial properties, condominiums, and a parking garage.

The following table summarizes the composition of the Company's loans held for sale by geographical region (in thousands):

	March 31, 2013		December 31, 2012	
Region	Carrying amount	Percentage of portfolio	Carrying amount	Percentage of portfolio
North East and Mid-Atlantic	$ 196,263	44%	$ 223,912	37%
West	87,724	20	147,440	25
South	79,237	18	112,799	19
North Central	7,733	2	4,270	1
Other—North America	55,741	13	87,683	15
Europe	13,701	3	15,710	3
Total	$ 440,399	100%	$ 591,814	100%

The Company had $38.7 million and $78.7 million of loans held for sale on nonaccrual status as of March 31, 2013 and December 31, 2012, respectively.

The Company had pledged loans held for sale with a carrying amount totaling $162.4 million and $172.4 million as of March 31, 2013 and December 31, 2012, respectively, for the secured borrowings for transactions that do not qualify as sales under ASC 860.

5. Real Estate Investments

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

	March 31, 2013		December 31, 2012	
Collateral Type	**Amount**	**Percentage**	**Amount**	**Percentage**
Office	$ 51,701	38%	$ 59,655	39%
Retail	8,117	6	13,087	8
Hospitality	5,073	4	5,073	4
Multifamily	—	—	6,591	4
Mixed-use and other	69,706	52	69,706	45
Total	$ 134,597	100%	$ 154,112	100%

6. Equity Investments

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

	March 31, 2013		December 31, 2012	
	Carrying amount	**Percent of portfolio**	**Carrying amount**	**Percent of portfolio**
Investments in real estate investment funds and other real estate ventures	$ 124,823	59%	$ 145,283	58%
Investment in the capital stock of Federal Home Loan Bank of Seattle	56,430	27	56,946	23
Investments in entities that hold foreclosed real estate assets in the United States	26,202	13	41,178	17
Other	1,650	1	4,943	2
Total	$ 209,105	100%	$ 248,350	100%

7. Variable Interest Entities

The Company is involved with various entities in the normal course of business that may be deemed to be VIEs. The Company consolidates VIEs for which it is determined to be the primary beneficiary. The Company holds significant variable interests in VIEs in which it may or may not be the sponsor and that have not been consolidated because the Company is not considered the primary beneficiary.

The Company has evaluated its investments and other interests in entities that may be considered VIEs under the provisions of ASC 810. See Note 10 of the consolidated financial statements included in Company's Report as of and for the periods ended December 31, 2012 and 2011 for a description of the VIEs in which the Company's continuing operations have a significant variable interest, in circumstances where the Company consolidates the VIE and in circumstances where the Company does not consolidate the VIE, as appropriate.

The Company did not provide any financial support to VIEs that it was not contractually obligated to provide for the three months ended March 31, 2013. In the three months ended March 31, 2013, there were no changes in the facts and circumstances for the VIEs that the Company is involved with that changed the Company's determination to consolidate such VIEs.

Continuing Operations

The following table sets forth the total assets and liabilities of consolidated VIEs, all of which are associated with former new markets tax credit ("NMTC") business, for which the Company's continuing operations are the primary beneficiary (in thousands):

	March 31, 2013	December 31, 2012
Restricted cash	$ 77,243	$ 49,663
Accounts and other receivables	864	1,055
Loans held for sale	139,017	181,794
Real estate investments	22,734	22,225
Other assets	2,037	1,482
Total assets (1)	241,895	256,219
Other borrowings	4,865	4,903
Other liabilities	1,651	2,011
Total liabilities (1)	6,516	6,914

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):

				Maximum exposure to loss(3)			
	Size of VIEs(1)	Carrying amount of assets(2)	Carrying amount of liabilities(2)	Commitments	Loans and investments	Other	Total
As of March 31, 2013							
Loans held for sale	$ 516,707	$ 168,392	$ —	$ —	$ 168,392	$ 416	$ 168,808
NMTC funds	159,932	139,164	—	—	108,887	30,277	139,164
Collateralized debt obligations	250,396	14,996	—	—	14,996	—	14,996
CMBS securitization trusts	1,479,280	2,130	—	—	2,130	—	2,130
Total	$ 2,406,315	$ 324,682	$ —	$ —	$ 294,405	$ 30,693	$ 325,098
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

Notes:

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

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

(3) Maximum exposure to loss is based on the assumption that all of the assets in the VIEs become worthless and incorporates not only potential losses associated with assets included on the consolidated balance sheet, but also

potential losses associated with off-balance sheet commitments such as unfunded liquidity and/or lending commitments and other contractual arrangements.

Discontinued Operations

Assets of discontinued operations and liabilities of discontinued operations on the Company's consolidated balance sheet as of March 31, 2013 include $53.3 million of assets and $7.6 million of liabilities, respectively, for 11 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, 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. 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 March 31, 2013 and December 31, 2012 related to the Company's variable interest in 70 and 77 non-consolidated VIEs for lower-tier operating partnerships was $37.7 million and $42.9 million, respectively. At March 31, 2013 and December 31, 2012, the lower-tier operating partnerships included in discontinued operations had underlying assets of $0.9 billion and $1.0 billion, respectively. The Company's discontinued operations had a maximum exposure to loss of $188.2 million and $202.6 million as of March 31, 2013 and December 31, 2012, respectively, related to commitments, guarantees and collateral, and loans and investments for non-consolidating VIEs for lower-tier operating partnerships.

8. Discontinued Operations

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

	March 31, 2013	December 31, 2012
Cash and cash equivalents	$ 19,726	$ 90,038
Restricted cash	77,024	75,192
Accounts and other receivables	1,939	2,628
Investment securities	21,418	23,460
Loans held for sale	572	572
Real estate investments	9,917	15,673
Equity investments	37,142	42,309
Other assets	3,346	3,646
Total assets of discontinued operations	$ 171,084	$ 253,518
Debt	1,977	24,545
Other borrowings	7,532	13,031
Other liabilities	74,457	77,143
Total liabilities of discontinued operations	$ 83,966	$ 114,719

As of March 31, 2013 and December 31, 2012, the $45.7 million and $52.0 million of noncontrolling interests, 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.

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 three months ended March 31, 2013	For the three months ended March 31, 2012
Net revenue	$ (2,314)	$ (1,602)
Noninterest expense	5,864	9,597
Income tax (benefit) expense	(5)	20
Loss from discontinued operations	$ (8,173)	$ (11,219)

9. Common Stock

The Company paid a cash distribution of $4.50 per share to holders of the Company's common stock in the three months ended March 31, 2013. No distributions were paid in the three months, ended March 31, 2012.

10. Fair Value of Assets and Liabilities

The Company accounts for certain of its assets at fair value on a recurring basis or considers fair value in their measurement. There are no liabilities accounted for at fair value on a recurring basis. The following 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 March 31, 2013
Accounts receivable	$ —	$ —	$ 3,685	$ —	$ 3,685
Investment securities available for sale	—	—	17,600	—	17,600
Derivative assets - interest rate contracts	—	1,559	—	—	1,559
Total assets measured at fair value on a recurring basis	$ —	$ 1,559	$ 21,285	$ —	$ 22,844

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	—	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

See Note 16 for further information on the sale of investment securities classified as available for sale after March 31, 2013. There were no transfers of assets between Level 1 and Level 2 in the three months ended March 31, 2013. 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):

	Three months ended March 31, 2013			Three months ended March 31, 2012		
	Accounts Receivable	Investment Securities Available for Sale	Total	Accounts Receivable	Investment Securities Available for Sale	Total
Beginning balance	$ 3,685	$ 4,371	$ 8,056	$ 3,653	$ 13,112	$ 16,765
Purchases, issuances, sales and settlements:						
Purchases	—	—	—	—	—	—
Issuances	—	—	—	—	—	—
Sales	—	—	—	—	—	—
Settlements	—	—	—	—	—	—
Total net realized/unrealized losses:						
Included in earnings	—	(86)	(86)	—	(4,497)	(4,497)
Included in other comprehensive income (loss)	—	13,315	13,315	—	(301)	(301)
Transfers into Level 3	—	—	—	—	—	—
Transfers out of Level 3	—	—	—	—	—	—
Ending balance	$ 3,685	$ 17,600	$ 21,285	$ 3,653	$ 8,314	$ 11,967
Change in unrealized (losses) gains for the period for assets still held as of the end of the reporting period	$ —	$ (86)	$ (86)	$ —	$ (4,497)	$ (4,497)

Certain assets are measured at fair value on a nonrecurring basis, including adjustments to fair value based on the application of lower of cost or fair value accounting and asset impairments. There were no liabilities measured at fair value on a nonrecurring basis as of March 31, 2013 or December 31, 2012. There were no Level 1 or Level 2 assets measured at fair value on a nonrecurring basis as of March 31, 2013 or December 31, 2012. The following table presents the carrying values of certain impaired assets measured at fair value on a nonrecurring basis and using significant unobservable inputs (Level 3) and still held as of March 31, 2013 and December 31, 2012, respectively (in thousands):

Description	March 31, 2013	December 31, 2012
Assets measured at fair value on a nonrecurring basis:		
Loans held for sale	$ 39,045	$ 152,397
Real estate acquired through foreclosure	40,311	51,872

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

		March 31, 2013		December 31, 2012	
	Fair Value Hierarchy Level	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets:					
Cash and cash equivalents	Level 1	$ 1,103,857	$ 1,103,857	$ 1,478,882	$ 1,478,882
Restricted cash	Level 1	105,222	105,222	75,219	75,219
Accounts and other receivables	(1)	54,485	54,485	51,496	51,496
Investment securities available for sale	(2)	17,600	17,600	4,611	4,611
Loans held for sale	Level 3	440,399	457,141	591,814	612,787
Derivative assets	Level 2	1,559	1,559	2,200	2,200
Financial Liabilities:					
Deposit liabilities	Level 2	910,380	911,960	1,018,601	1,020,963
Other borrowings	Level 2	200,685	200,685	222,062	222,062

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 that summarize the assets measured at fair value on a recurring basis.

11. Commitments and Contingent Liabilities

The Company, its current and former officers, directors and employees (collectively, the "Capmark Parties") may be subject to potential liability under laws and government regulations, and various pre and post-petition claims, as applicable and other legal actions that are pending or may be asserted against it. Certain of these actions and proceedings may include claims for damages or for injunctive relief. The Capmark Parties may also be subject to governmental and regulatory examinations, information requests, investigations and proceedings, certain of which may result in settlements, fines, penalties, or other relief. In addition, the Capmark Parties also receive numerous requests, subpoenas and orders seeking documents, testimony and other information in connection with various aspects of their pre and post-petition businesses.

As of March 31, 2013, 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.

12. Regulatory Matters

Capmark Bank, a Utah chartered industrial bank and a wholly-owned subsidiary of Successor CFGI, is jointly regulated by the Federal Deposit Insurance Corporation ("FDIC") and the Utah Department of Financial Institutions ("UDFI") (together 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 Bank Regulators requiring Capmark Bank to, among other restrictions, (i) maintain a Tier 1 capital to total assets ratio ("Tier 1 Leverage Ratio") of at least 8% and a ratio of qualifying total capital to risk-weighted assets ratio of at least 10%, and (ii) not extend credit to affiliates or issue dividends without the prior written consent of the Bank Regulators. 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.

Capmark Bank distributed $157.1 million in cash to CFGI in February 2013. See Note 16 for further information on the distribution made to CFGI after March 31, 2013. Capmark Bank intends to seek permission to make additional distributions of excess capital to CFGI. Any future distributions or dividends will require the prior written consent or non-objection of the Bank Regulators.

Capital Maintenance Agreement

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

The following table summarizes the FDIC's well-capitalized ratio requirements and Capmark Bank's regulatory capital ratios. Although Capmark Bank satisfies the requirements to be deemed to be "well-capitalized", since Capmark Bank is subject to the C&D Orders, it is deemed to be only "adequately capitalized."

Ratio	Minimum Percentage to be "Well-Capitalized"	March 31, 2013	December 31, 2012
Tier 1 leverage ratio	5.0%	12.3%	21.4%
Tier 1 risk-based capital ratio	6.0%	1,237.5%	1,728.8%
Total risk-based capital ratio	10.0%	1,237.5%	1,728.8%

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".

13. Earnings Per Share

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

	Three months ended March 31, 2013	Three months ended March 31, 2012
Income from continuing operations after income taxes	$ 1,491	$ 7,273
Plus: Net loss attributable to noncontrolling interests	4,893	26,947
Income from continuing operations	6,384	34,220
Loss from discontinued operations, net	(8,173)	(11,219)
Net (loss) income attributable to Capmark Financial Group Inc.	$ (1,789)	$ 23,001
Basic and diluted income per share from continuing operations	$ 0.06	$ 0.34
Basic and diluted loss per share from discontinued operations	(0.08)	(0.11)
Basic and diluted net (loss) income per share available to common shareholders	(0.02)	0.23
Basic weighted average shares outstanding	99,781	99,594
Effect of dilutive shares for nonvested shares	6	111
Diluted weighted average shares outstanding	99,787	99,705
Antidilutive nonvested shares	379	—

14. Accumulated Other Comprehensive Income

The following table summarizes the components of accumulated other comprehensive income (loss), net of tax (in thousands):

	March 31, 2013			March 31, 2012		
	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	$ 16,860	$ —	$ 16,860	$ 498	$ —	$ 498
Less: reclassification adjustment for net gains (losses) included in net income	—	—	—	—	—	—
Net unrealized gain (loss) on investment securities	16,860	—	16,860	498	—	498
Net foreign currency translation adjustment	(9,367)	—	(9,367)	(5,988)	—	(5,988)
Total	$ 7,493	$ —	$ 7,493	$ (5,490)	$ —	$ (5,490)

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 December 31, 2012	$ 3,550	$ (8,435)	$ (4,885)
Change during the period	13,310	(932)	12,378
Balance as of March 31, 2013	$ 16,860	$ (9,367)	$ 7,493

15. Segment Information

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: Capmark Bank, North American Asset Management and Real Estate Investment Funds. The Company's segment results do not eliminate the effects of transactions between or among business segments. These transactions generally result in one or more segments recording income and one or more other segments recording offsetting expenses with respect to the products or services provided.

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

	Segments				
	Capmark Bank	North American Asset Management	Real Estate Investment Funds	Corporate and Other	Three months ended March 31, 2013
Net interest income	$ (981)	$ 10,186	$ —	$ 1,096	$ 10,301
Noninterest income	78	9,621	1,148	(560)	10,287
Total net revenue	(903)	19,807	1,148	536	20,588
Noninterest expense	1,959	3,834	79	13,066	18,938
Income (loss) before income taxes	$ (2,862)	15,973	1,069	(12,530)	1,650
Net loss attributable to noncontrolling interests	—	37	—	4,856	4,893

	Segments				
	Capmark Bank	North American Asset Management	Real Estate Investment Funds	Corporate and Other	Three months ended March 31, 2012
Net interest income	$ 25,547	$ 4,105	$ —	$ (11,379)	$ 18,273
Noninterest income	14,316	17,929	3,279	(17,305)	18,219
Total net revenue	39,863	22,034	3,279	(28,684)	36,492
Noninterest expense	14,691	3,978	212	10,682	29,563
Income (loss) before income taxes	25,172	18,056	3,067	(39,366)	6,929
Net loss attributable to noncontrolling interests	—	1,310	—	25,637	26,947

16. Subsequent Events

Subsequent events were evaluated through May 13, 2013, the date the consolidated financial statements were issued. Subsequent events include:

- In accordance with the settlement agreement with Japanese lenders, the Japanese borrowers made a ¥150.4 million (approximately $1.5 million) payment to the Japanese lenders on April 5, 2013.
- Two of the Debtors' cases which were outstanding as of March 31, 2013 were dismissed on April 10, 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 April 12, 2013.
- In April 2013, the Company's board of directors approved an amendment to Article VII, Section 11(b) of the Company's bylaws to delete the requirement to publish supplemental financial information. The amendment was effective on May 12, 2013.
- In April 2013, the Company was notified of the redemption of its shares of a collateralized debt obligation and it received $14.2 million of cash proceeds. The shares owned by the Company are an investment security classified as available for sale. The Company recognized a $14.2 million gain on the transaction in net gains (losses) on investments and real estate on the consolidated statement of comprehensive income (loss) in the second quarter of 2013. The unrealized gain in the fair value of these shares was recorded in accumulated other comprehensive income on the consolidated balance sheet in the first quarter of 2013.
- On May 1, 2013, Capmark Bank distributed $4.9 million in cash to CFGI.

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.