Ally Financial Inc.
Form 10-Q
November 05, 2013
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2013, or

¨ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number: 1-3754

ALLY FINANCIAL INC.
(Exact name of registrant as specified in its charter)

Delaware	38-0572512
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 Renaissance Center
P.O. Box 200, Detroit, Michigan
48265-2000
(Address of principal executive offices)
(Zip Code)
(866) 710-4623
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing for the past 90 days.
Yes þ No ¨

Indicate by checkmark whether the registrant has submitted electronically and posted on its corporate Web site, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for a shorter period that the registrant was required to submit and post such files).
Yes þ No ¨

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer o Accelerated filer o Non-accelerated filer þ (Do not check if a smaller reporting company) Smaller reporting company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes ¨ No þ

At November 4, 2013, the number of shares outstanding of the Registrant's common stock was 1,330,970 shares.

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Item 1. Financial Statements

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	$1,119	$1,141	$3,393	$3,374
Interest on loans held-for-sale	—	23	19	74
Interest on trading assets	—	—	—	10
Interest and dividends on available-for-sale investment securities	85	64	229	215
Interest-bearing cash	3	8	8	19
Operating leases	832	631	2,354	1,699
Total financing revenue and other interest income	2,039	1,867	6,003	5,391
Interest expense				
Interest on deposits	163	158	489	481
Interest on short-term borrowings	15	20	47	56
Interest on long-term debt	609	851	2,013	2,568
Total interest expense	787	1,029	2,549	3,105
Depreciation expense on operating lease assets	515	366	1,449	1,006
Net financing revenue	737	472	2,005	1,280
Other revenue				
Servicing fees	13	91	114	326
Servicing asset valuation and hedge activities, net	—	134	(213)	74
Total servicing income, net	13	225	(99)	400
Insurance premiums and service revenue earned	251	262	768	793
Gain on mortgage and automotive loans, net	15	142	52	248
Loss on extinguishment of debt	(42)	—	(42)	—
Other gain (loss) on investments, net	41	(23)	156	130
Other income, net of losses	93	169	324	523
Total other revenue	371	775	1,159	2,094
Total net revenue	1,108	1,247	3,164	3,374
Provision for loan losses	141	105	361	236
Noninterest expense				
Compensation and benefits expense	245	257	782	830
Insurance losses and loss adjustment expenses	85	90	346	337
Other operating expenses	432	498	1,393	1,504
Total noninterest expense	762	845	2,521	2,671
Income from continuing operations before income tax expense (benefit)	205	297	282	467
Income tax expense (benefit) from continuing operations	28	46	(55)	31
Net income from continuing operations	177	251	337	436
(Loss) income from discontinued operations, net of tax	(86)	133	(80)	(640)
Net income (loss)	91	384	257	(204)
Other comprehensive income (loss), net of tax	4	218	(494)	199
Comprehensive income (loss)	$95	$602	$(237)	$(5)

Statement continues on the next page.

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Statement of Comprehensive Income (unaudited)
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($ in millions except per share data)	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Net (loss) income attributable to common shareholders				
Net income from continuing operations	$177	$251	$337	$436
Preferred stock dividends — U.S. Department of Treasury	(134)	(134)	(401)	(401)
Preferred stock dividends	(67)	(67)	(200)	(200)
Net (loss) income from continuing operations attributable to common shareholders	(24)	50	(264)	(165)
(Loss) income from discontinued operations, net of tax	(86)	133	(80)	(640)
Net (loss) income attributable to common shareholders	$(110)	$183	$(344)	$(805)
Basic weighted-average common shares outstanding	1,330,970	1,330,970	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (a)	1,330,970	1,330,970	1,330,970	1,330,970
Basic earnings per common share				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)
Diluted earnings per common share (a)				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)

(a) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net (loss) income from continuing operations attributable to common shareholders for the three months and nine months ended September 30, 2013 and 2012, respectively, net (loss) income from continuing operations attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Balance Sheet (unaudited)
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($ in millions)	September 30, 2013	December 31, 2012
Assets		
Cash and cash equivalents		
Noninterest-bearing	$1,063	$1,073
Interest-bearing	5,486	6,440
Total cash and cash equivalents	6,549	7,513
Investment securities	17,967	14,178
Loans held-for-sale, net ($63 and $2,490 fair value-elected)	82	2,576
Finance receivables and loans, net		
Finance receivables and loans, net	95,281	99,055
Allowance for loan losses	(1,198)	(1,170)
Total finance receivables and loans, net	94,083	97,885
Investment in operating leases, net	17,254	13,550
Mortgage servicing rights	—	952
Premiums receivable and other insurance assets	1,649	1,609
Other assets	7,059	11,908
Assets of operations held-for-sale	5,913	32,176
Total assets	$150,556	$182,347
Liabilities		
Deposit liabilities		
Noninterest-bearing	$66	$1,977
Interest-bearing	51,965	45,938
Total deposit liabilities	52,031	47,915
Short-term borrowings	6,015	7,461
Long-term debt	60,701	74,561
Interest payable	978	932
Unearned insurance premiums and service revenue	2,332	2,296
Accrued expenses and other liabilities	4,836	6,585
Liabilities of operations held-for-sale	4,602	22,699
Total liabilities	131,495	162,449
Equity		
Common stock and paid-in capital	19,669	19,668
Mandatorily convertible preferred stock held by U.S. Department of Treasury	5,685	5,685
Preferred stock	1,255	1,255
Accumulated deficit	(7,365)	(7,021)
Accumulated other comprehensive (loss) income	(183)	311
Total equity	19,061	19,898
Total liabilities and equity	$150,556	$182,347

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Balance Sheet (unaudited)
Ally Financial Inc. • Form 10-Q

The assets of consolidated variable interest entities, presented based upon the legal transfer of the underlying assets in order to reflect legal ownership, that can be used only to settle obligations of the consolidated variable interest entities and the liabilities of these entities for which creditors (or beneficial interest holders) do not have recourse to our general credit were as follows.

($ in millions)	September 30, 2013	December 31, 2012
Assets		
Finance receivables and loans, net		
Finance receivables and loans, net	$28,308	$31,510
Allowance for loan losses	(152)	(144)
Total finance receivables and loans, net	28,156	31,366
Investment in operating leases, net	5,316	6,060
Other assets	1,492	2,868
Assets of operations held-for-sale	149	12,139
Total assets	$35,113	$52,433
Liabilities		
Short-term borrowings	$500	$400
Long-term debt	24,169	26,461
Interest payable	1	1
Accrued expenses and other liabilities	12	16
Liabilities of operations held-for-sale	149	9,686
Total liabilities	$24,831	$36,564

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Condensed Consolidated Statement of Changes in Equity (unaudited)
Ally Financial Inc. • Form 10-Q

($ in millions)	Common stock and paid-in capital	Mandatorily convertible preferred stock held by U.S. Department of Treasury	Preferred stock	Accumulated deficit	Accumulated other comprehensive income (loss)	Total equity
Balance at January 1, 2012	$19,668	$5,685	$1,255	$(7,415)	$87	$19,280
Net loss				(204)		(204)
Preferred stock dividends — U.S. Department of Treasury				(401)		(401)
Preferred stock dividends				(200)		(200)
Other comprehensive income, net of tax					199	199
Balance at September 30, 2012	$19,668	$5,685	$1,255	$(8,220)	$286	$18,674
Balance at January 1, 2013	$19,668	$5,685	$1,255	$(7,021)	$311	$19,898
Net income				257		257
Preferred stock dividends — U.S. Department of Treasury				(401)		(401)
Preferred stock dividends				(200)		(200)
Other comprehensive loss, net of tax					(494)	(494)
Increase in paid-in capital	1					1
Balance at September 30, 2013	$19,669	$5,685	$1,255	$(7,365)	$(183)	$19,061

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Statement of Cash Flows (unaudited)
Ally Financial Inc. • Form 10-Q

Nine months ended September 30, ($ in millions)	2013	2012
Operating activities		
Net income (loss)	$257	$(204)
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	2,106	1,758
Changes in fair value of mortgage servicing rights	102	654
Provision for loan losses	431	285
Gain on sale of loans, net	(52)	(396)
Net gain on investment securities	(156)	(144)
Loss on extinguishment of debt	42	—
Originations and purchases of loans held-for-sale	(6,234)	(23,670)
Proceeds from sales and repayments of loans held-for-sale	8,647	25,295
Impairment and settlement related to Residential Capital, LLC	1,350	1,192
Gain on sale of subsidiaries, net	(932)	(28)
Net change in		
Trading assets	—	595
Deferred income taxes	(604)	(199)
Interest payable	51	168
Other assets	2,943	475
Other liabilities	(3,456)	(761)
Other, net	(130)	(175)
Net cash provided by operating activities	4,365	4,845
Investing activities		
Purchases of available-for-sale securities	(12,747)	(9,592)
Proceeds from sales of available-for-sale securities	4,721	6,774
Proceeds from maturities and repayment of available-for-sale securities	3,893	4,940
Net decrease (increase) in finance receivables and loans	2,744	(7,925)
Proceeds from sales of finance receivables and loans	—	2,329
Purchases of operating lease assets	(7,251)	(5,612)
Disposals of operating lease assets	2,080	1,303
Sale of mortgage servicing rights	911	—
Proceeds from sale of business units, net (a)	6,937	516
Net cash effect from deconsolidation of Residential Capital, LLC	—	(539)
Net change in restricted cash	2,297	92
Other, net	(55)	(17)
Net cash provided by (used in) investing activities	3,530	(7,731)

Statement continues on the next page.
The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Statement of Cash Flows (unaudited)
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Nine months ended September 30, ($ in millions)	2013	2012
Financing activities		
Net change in short-term borrowings	(936)	(1,673)
Net increase in deposits	4,057	4,647
Proceeds from issuance of long-term debt	13,347	27,520
Repayments of long-term debt	(26,725)	(22,908)
Dividends paid	(601)	(601)
Net cash (used in) provided by financing activities	(10,858)	6,985
Effect of exchange-rate changes on cash and cash equivalents	47	(1)
Net (decrease) increase in cash and cash equivalents	(2,916)	4,098
Adjustment for change in cash and cash equivalents of operations held-for-sale (a) (b)	1,952	24
Cash and cash equivalents at beginning of year	7,513	13,035
Cash and cash equivalents at September 30,	$6,549	$17,157
Supplemental disclosures		
Cash paid for		
Interest	$2,890	$3,705
Income taxes	67	291
Other disclosures		
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	43	116

(a) The amounts are net of cash and cash equivalents of $1,418 million at September 30, 2013 and $147 million at September 30, 2012 of business units at the time of disposition.

(b) Cash flows of discontinued operations are reflected within operating, investing, and financing activities in the Condensed Consolidated Statement of Cash Flows. The cash balance of these operations is reported as assets of operations held-for-sale on the Condensed Consolidated Balance Sheet.

The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

1. Description of Business, Basis of Presentation, and Changes in Significant Accounting Policies

Ally Financial Inc. (formerly GMAC Inc. and referred to herein as Ally, we, our, or us) is a leading, independent, diversified, financial services firm. Founded in 1919, we are a leading automotive financial services company with over 90 years of experience providing a broad array of financial products and services to automotive dealers and their customers. We became a bank holding company on December 24, 2008, under the Bank Holding Company Act of 1956, as amended. Our banking subsidiary, Ally Bank, is an indirect wholly owned subsidiary of Ally Financial Inc. and a leading franchise in the growing direct (internet, telephone, mobile, and mail) banking market.

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and that affect income and expenses during the reporting period. In developing the estimates and assumptions, management uses all available evidence; however, actual results could differ because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes.

The Condensed Consolidated Financial Statements at September 30, 2013, and for the three months and nine months ended September 30, 2013, and 2012, are unaudited but reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements (and the related notes) included in our Annual Report on Form 10-K for the year ended December 31, 2012, as filed on March 1, 2013, with the U.S. Securities and Exchange Commission (SEC) as revised by the Current Report on Form 8-K filed with the SEC on July 9, 2013 (referred to herein as 2012 Annual Report).

Residential Capital, LLC

Our mortgage operations were historically a significant portion of our operations and were conducted primarily through our Residential Capital, LLC (ResCap) subsidiary. On May 14, 2012, ResCap and certain of its wholly owned direct and indirect subsidiaries (collectively, the Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the Bankruptcy Court). As a result of the bankruptcy filing, effective May 14, 2012, we deconsolidated ResCap from our financial statements and recorded a charge of $442 million for the impairment of Ally's investment in ResCap. During the first quarter of 2013, we discontinued performing certain mortgage activities, which were required as part of the bankruptcy process until the sale of certain assets occurred. As a result of us discontinuing these activities, the operations of ResCap were classified as discontinued. Refer to Note 2 for further information.

On May 14, 2013, Ally Financial Inc., on behalf of itself and certain of its subsidiaries (collectively, AFI) entered into a Plan Support Agreement (the PSA) with the Debtors, the official committee of unsecured creditors appointed in the Debtors' Chapter 11 cases (the Creditors' Committee), and certain creditors (collectively, the Consenting Claimants). The PSA, which was approved by the Bankruptcy Court on June 26, 2013, requires the parties to support a Chapter 11 plan in the Debtors' Chapter 11 cases (the Plan) that, among other things, settles and provides AFI full releases for all existing and potential claims between AFI and the Debtors, including all representation and warranty claims that reside with the Debtors (the Debtor Releases), and shall include full releases for all pending and potential claims held by third parties related to the Debtors that could be brought against AFI (the Third Party Releases).

On July 3, 2013, the Debtors filed the Plan and related disclosure statement (the Disclosure Statement), with the Bankruptcy Court. The Bankruptcy Court entered an order approving the Disclosure Statement on August 23, 2013, and the Plan confirmation hearing is currently scheduled to commence on November 19, 2013. The Plan fully incorporates the terms of the PSA, including the Debtor Releases, as well as the Third Party Releases. As of the date hereof, AFI has agreed to settlements (the Settlements) with each of the Federal Housing Finance Agency (the FHFA)

and the Federal Deposit Insurance Corporation, as receiver for certain failed banks (the FDIC), which provide, among other things, that in exchange for a monetary payment, the FHFA's and FDIC's pending litigation against AFI will be dismissed, and the claims will no longer be included as exceptions to the Third Party Releases. Also, the Plan will be amended to add Freddie Mac, and the FHFA as conservator for Freddie Mac and Fannie Mae, as exclusions from the Third Party Releases only with respect to certain ordinary-course representation and warranty repurchase claims against Ally Bank, as a former mortgage seller and servicer. The Settlements are not conditioned on the Plan becoming effective. It is possible that additional exceptions to the Third Party Releases could be added in the future with AFI's consent. We recorded an additional pretax charge of $170 million to discontinued operations ($107 million net of tax) during the three months ended September 30, 2013, related to the Settlements. At September 30, 2013, we have accrued $520 million related to the Settlements.

The Plan also provides, among other things, that, on the effective date of the Plan (the Effective Date), AFI will contribute to the Debtors' estates $1.95 billion in cash or cash equivalents, and will further contribute $150 million received by AFI for claims it pursues against its insurance carriers related to the claims released in connection with the Plan, with such amount guaranteed by AFI to be paid no later than September 30, 2014 (collectively, the AFI Contribution) in exchange for the releases of AFI included in the Plan. These amounts have been appropriately reflected within our accrued expenses and other liabilities. Refer to Note 15 for additional information. The AFI Contribution and other assets of the Debtors' estates will be distributed to creditors under the Plan.

In addition, the Plan contemplates the payoff of AFI secured debt on or before the Effective Date. On June 13, 2013, the Debtors paid AFI approximately $1.1 billion in full satisfaction of the AFI revolving credit facility and line of credit. The payment to AFI was approved by the Bankruptcy Court with an express reservation of rights, claims and remedies against AFI and a reciprocal reservation of rights, claims and remedies for AFI's benefit in the event the Plan does not become effective.

The Plan also provides that the Debtors will remain responsible for all costs and obligations imposed on the Debtors under (i) the consent judgment among the United States Department of Justice, the Attorneys General of certain states, ResCap, GMAC Mortgage, LLC (GMACM) and Ally Financial Inc. entered by the District Court for the District of Columbia on February 9, 2012, (ii) the consent order among ResCap, GMACM, Ally Financial Inc., Ally Bank, the Federal Reserve Board (FRB) and the FDIC, dated April 13, 2011 (the Consent Order) and (iii) the order of assessment among ResCap, GMACM, Ally Financial Inc. and the Board of Governors of the Federal Reserve System, excluding certain obligations that are being performed by Ocwen Financial Corporation (Ocwen). Notably, on July 26, 2013, the Bankruptcy Court approved an amendment to the Consent Order (the Consent Order Amendment), which, among other things, required the Debtors to escrow approximately $230 million (the FRB Settlement Amount) in exchange for the FRB ceasing the foreclosure review mandated under the Consent Order (the FRB Foreclosure Review). As a result of the Consent Order Amendment, the Debtors are no longer responsible for the FRB Foreclosure Review, and the FRB Settlement Amount will be distributed to individual borrowers in full satisfaction of the Debtors' foreclosure review obligations.

Further, the Plan includes a settlement of insurance disputes between AFI and the Debtors under which the Debtors will relinquish in favor of AFI all of their rights to coverage under certain insurance policies. The PSA also requires that all litigation against AFI by the Debtors, the Creditors' Committee, and the Consenting Claimants be stayed so long as the PSA has not been terminated.

Under the terms of the Plan, the Effective Date must occur on or before the earlier of (i) 30 days after the Bankruptcy Court enters an order confirming the Plan (the Confirmation Order) or (ii) December 15, 2013. If this condition is not satisfied, the Plan allows AFI, the Debtors and/or the Creditors’ Committee to file a motion to vacate the Confirmation Order, which if approved, could result in the Plan becoming null and void.

Under the Plan, there are several remaining conditions to be satisfied or waived before the Plan can be effective, including, the following: (i) the Confirmation Order must have been entered by the Bankruptcy Court and provide for, among other things, the Debtor Releases and Third Party Releases; (ii) the Confirmation Order must not have been stayed, modified, or vacated on appeal; (iii) AFI must have funded the AFI Contribution; and (iv) AFI's secured claims against the Debtors must have been fully satisfied.

Moreover, the PSA includes a number of events that could result in the PSA being terminated, including the following: (i) the Bankruptcy Court enters an order appointing a Chapter 11 trustee; (ii) any of the Debtors' Chapter 11 cases are dismissed or converted to a case under Chapter 7 of the Bankruptcy Code; (iii) any court has entered a final, non-appealable judgment or order declaring any material portion of the PSA unenforceable; (iv) the releases set forth in the PSA are modified, amended, changed, severed or otherwise altered in the Plan or any other definitive document; and (v) the PSA ceases to be binding on AFI or the Creditors' Committee.

On June 4, 2012, Berkshire Hathaway Inc. filed a motion in the Bankruptcy Court for the appointment of an independent examiner to investigate, among other things, certain of the Debtors' transactions with AFI occurring prior to the Petition Date, any claims the Debtors may hold against AFI's officers and directors, and any claims the Debtors proposed to release under the Plan. On June 20, 2012, the Bankruptcy Court approved the appointment of an examiner and, subsequently, the United States Trustee for the Southern District of New York appointed former bankruptcy judge Arthur J. Gonzalez, Esq. as the examiner (the Examiner). Upon approving the PSA on June 26, 2013, the Bankruptcy Court unsealed the Examiner's investigative report. Under the terms of the PSA, the contents of the report may not be used by any party as a basis for terminating or modifying the PSA.

There can be no assurance that the conditions to effectiveness of the Plan will be satisfied or waived. The failure of the Plan to become effective could result in, among other consequences, the pursuit of an alternative form of reorganization or liquidation, which may be less favorable to AFI. Further, the termination of the PSA could result in, among other consequences, material modifications to the Plan, resulting in delay, significant expense and provisions that are less favorable to AFI. If AFI does not receive the releases described above, the Debtors and/or third party creditors are expected to assert substantial claims directly against AFI, which could have a material adverse impact on us.

Significant Accounting Policies

Income Taxes

In calculating the provision for interim income taxes, in accordance with Accounting Standards Codification (ASC) 740, Income Taxes, we apply an estimated annual effective tax rate to year-to-date ordinary income. At the end of each interim period, we estimate the effective tax rate expected to be applicable for the full fiscal year. We exclude and record discretely the tax effect of unusual or infrequently occurring items, including, for example, changes in judgment about valuation allowances and effects of changes in tax law or rates. The provision for income taxes in tax jurisdictions with a projected full year or year-to-date loss for which a tax benefit cannot be realized is estimated using tax rates specific to that jurisdiction.

Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report regarding additional significant accounting policies.

Recently Adopted Accounting Standards

Balance Sheet - Disclosures about Offsetting Assets and Liabilities (ASU 2011-11 and ASU 2013-01)

As of January 1, 2013, we adopted Accounting Standards Update (ASU) 2011-11, which amends ASC 210, Balance Sheet. This ASU contains new disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. In addition, we adopted ASU 2013-01, which simply clarified the scope of ASU 2011-11. The new disclosures will give financial statement users information about both gross and net exposures. ASU 2011-11 and ASU 2013-01 were required to be applied retrospectively. Since the guidance relates only to disclosure of information, the adoption did not have an impact to our consolidated financial condition or results of operations.

Comprehensive Income - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

As of January 1, 2013, we adopted ASU 2013-02, which amends ASC 220, Comprehensive Income. The ASU contains new requirements related to the presentation and disclosure of items that are reclassified out of accumulated other comprehensive income. The new requirements provide financial statement users a more comprehensive view of items that are reclassified out of accumulated other comprehensive income. ASU 2013-02 was required to be applied prospectively. Since the guidance relates only to presentation and disclosure of information, the adoption did not have an impact to our consolidated financial condition or results of operations.

Derivatives and Hedging - Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (ASU 2013-10)

As of July 17, 2013, we adopted ASU 2013-10, which amends ASC 815, Derivatives and Hedging. The ASU established the Fed Funds Effective Swap Rate or Overnight Index Swap Rate (OIS) as an additional U.S. benchmark interest rate for hedge accounting purposes. Prior to the ASU's addition of the OIS as a benchmark rate, only interest rates on direct Treasury obligations and the LIBOR swap rate were considered to be such benchmarks. Amendments of the update also remove the restriction on using different benchmark rates for similar hedges. The amendments were effective prospectively when entering into new or redesignating existing hedging relationships on or after July 17, 2013. Since the new guidance simply allows for an additional hedge index to be utilized for hedge accounting purposes, the implementation of this guidance has not had a material effect on our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

Liabilities - Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04)

In February 2013, the Financial Accounting Standards Board (FASB) issued ASU 2013-04. This ASU requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the following: (a) The amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. It further requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. ASU 2013-04 will be effective for us on January 1, 2014, with retrospective application required. The adoption of this guidance is not expected to have a material effect on our consolidated financial condition or results of operations.

Foreign Currency Matters - 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)

In March 2013, the FASB issued ASU 2013-05. This ASU requires a reporting entity that ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity to release any related cumulative translation adjustment (CTA) into net income. The CTA should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity.

For an equity method investment that is a foreign entity, a pro rata portion of the CTA should be released into net income upon a partial sale of such an investment. This ASU clarifies that the sale of an investment in a foreign entity includes both events that result in the loss of a controlling financial interest in a foreign entity, irrespective of any retained investment, and events that result in step acquisition under which an acquirer obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. Under these circumstances, the CTA should be released into net income upon their occurrence. ASU 2013-05 will be effective for us prospectively on January 1, 2014. Management is currently assessing the potential impact of the application of this guidance. However, since the guidance is prospective and we are in the process of exiting most of our international businesses, it is not expected to have a material effect on our consolidated financial condition or results of operations.

Income Taxes - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11)

In July 2013, the FASB issued ASU 2013-11. This ASU generally requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The guidance further includes an exception that if a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available to settle any additional income taxes that would result from the disallowance of a tax position at the reporting date, or the tax law of the applicable jurisdiction, does not require the entity to use them and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not

be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. ASU 2013-11 will be effective for us prospectively on January 1, 2014. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Early adoption and retrospective application are permitted. The adoption of this guidance is not expected to have a material affect on our consolidated financial condition or results of operations.

2. Discontinued and Held-for-sale Operations

Discontinued Operations

We classify operations as discontinued when operations and cash flows will be eliminated from our ongoing operations and we do not expect to retain any significant continuing involvement in their operations after the respective sale transactions. For all periods presented, the operating results for these discontinued operations have been removed from continuing operations and presented separately as discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income. The Notes to the Condensed Consolidated Financial Statements have been adjusted to exclude discontinued operations unless otherwise noted.

Select Mortgage Operations

During the first quarter of 2013, the operations of ResCap were classified as discontinued. During the second quarter of 2012, we sold the Canadian mortgage operations of ResMor Trust.

Select Insurance Operations

During the second quarter of 2013, we sold our Mexican insurance business, ABA Seguros. During the first quarter of 2013, we completed the sale of our U.K.-based operations.

Select Automotive Finance Operations

During the fourth quarter of 2012, we committed to sell our automotive finance operations in Europe and Latin America to General Motors Financial Company, Inc. (GM Financial). On the same date, we entered into an agreement with GM Financial to acquire our 40% interest in a motor vehicle finance joint venture in China. During the second quarter of 2013, we completed the sale of our operations in Europe and the majority of Latin America. The transaction included European operations in Germany, the United Kingdom, Italy, Sweden, Switzerland, Austria, Belgium, France and the Netherlands, and Latin American operations in Mexico, Chile, and Colombia. On October 1, 2013, we completed the sale of the remaining Latin American operations in Brazil. Refer to Note 27 for further detail. We expect to complete the sale of the joint venture in China during 2013 or possibly 2014.

During the first quarter of 2013, we sold our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust. During the first quarter of 2012, we completed the sale of our Venezuela operations.

Select Corporate and Other Operations

During the fourth quarter of 2012, we ceased operations at our Commercial Finance Group's European division and classified it as discontinued.

Select Financial Information

Select financial information of discontinued operations is summarized below. The pretax income or loss, including direct costs to transact a sale, includes any impairment recognized to present the operations at the lower-of-cost or fair value. Fair value was based on the estimated sales price, which could differ from the ultimate sales price due to price volatility, changing interest rates, changing foreign-currency rates, and future economic conditions.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Select Mortgage operations				
Total net revenue	$—	$—	$—	$440
Pretax loss including direct costs to transact a sale (a) (b)	(158)	(33)	(1,762)	(1,198)
Tax (benefit) expense (c)	(40)	(17)	(573)	7
Select Insurance operations				
Total net revenue	$—	$157	$190	$462
Pretax income including direct costs to transact a sale (a)	5	13	319 (d)	48
Tax expense (benefit) (c)	3	6	(12)	24
Select Automotive Finance operations				
Total net revenue	$119	$347	$544	$1,119
Pretax income including direct costs to transact a sale (a)	58	185	752 (e)	611
Tax expense (benefit) (c)	28	47	(25)	105
Select Corporate and Other operations				
Total net revenue	$—	$1	$—	$10
Pretax income	—	5	1	37
Tax expense	—	1	—	2

(a) Includes certain treasury and other corporate activity recognized by Corporate and Other.
(b) Includes the results of ResCap. Refer to Note 1 for more information regarding the Debtors' bankruptcy.
(c) Includes certain income tax activity recognized by Corporate and Other.
(d) Includes recognized pretax gain of $274 million in connection with the sale of our Mexican insurance business, ABA Seguros.
(e) Includes recognized pretax loss of $371 million in connection with the sale of our European and the majority of our Latin American automotive finance operations and pretax gain of $888 million in connection with the sale of our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust.

Held-for-sale Operations

The assets and liabilities of operations held-for-sale are summarized below.

September 30, 2013 ($ in millions)	Select Automotive Finance operations (a)
Assets	
Cash and cash equivalents	
Noninterest-bearing	$35
Interest-bearing	158
Total cash and cash equivalents	193
Finance receivables and loans, net	
Finance receivables and loans, net	4,308
Allowance for loan losses	(94)
Total finance receivables and loans, net	4,214
Other assets	1,506
Total assets	$5,913
Liabilities	
Short-term borrowings	$521
Long-term debt	3,455
Interest payable	117
Accrued expenses and other liabilities	509
Total liabilities	$4,602

(a) Includes Brazil and our joint venture in China that are being sold to GM Financial.

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December 31, 2012 ($ in millions)	Select Insurance operations (a)	Select Automotive Finance operations (b)	Total held-for-sale operations
Assets			
Cash and cash equivalents			
Noninterest-bearing	$8	$100	$108
Interest-bearing	119	1,918	2,037
Total cash and cash equivalents	127	2,018	2,145
Investment securities	576	424	1,000
Finance receivables and loans, net			
Finance receivables and loans, net	—	25,835	25,835
Allowance for loan losses	—	(208)	(208)
Total finance receivables and loans, net	—	25,627	25,627
Investment in operating leases, net	—	144	144
Premiums receivable and other insurance assets	277	—	277
Other assets	94	2,942	3,036
Impairment on assets of held-for-sale operations	(53)	—	(53)
Total assets	$1,021	$31,155	$32,176
Liabilities			
Interest-bearing deposit liabilities	$—	$3,907	$3,907
Short-term borrowings	—	2,800	2,800
Long-term debt	—	13,514	13,514
Interest payable	—	177	177
Unearned insurance premiums and service revenue	506	—	506
Accrued expenses and other liabilities	297	1,498	1,795
Total liabilities	$803	$21,896	$22,699

(a) Includes our U.K.-based operations and ABA Seguros.
(b) Includes our Canadian operations sold to Royal Bank of Canada and international entities being sold to GM Financial.

Recurring Fair Value

There were no assets or liabilities for our held-for-sale operations measured at fair value on a recurring basis as of September 30, 2013. The December 31, 2012 balances can be found on the Consolidated Financial Statements in our 2012 Annual Report. Refer to Note 22 for descriptions of valuation methodologies used to measure material assets at fair value and details of the valuation models, key inputs to these models, and significant assumptions used.

3. Other Income, Net of Losses

Details of other income, net of losses, were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Late charges and other administrative fees	$25	$24	$71	$66
Fair value adjustment on derivatives (a)	21	(2)	31	(36)
Remarketing fees	20	15	59	47
Mortgage processing fees and other mortgage income	—	105	81	335
Other, net	27	27	82	111
Total other income, net of losses	$93	$169	$324	$523

(a) Refer to Note 20 for a description of derivative instruments and hedging activities.

4. Other Operating Expenses

Details of other operating expenses were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Insurance commissions	$93	$93	$278	$286
Technology and communications	87	68	250	237
Professional services	38	43	140	113
Advertising and marketing	33	37	96	104
Lease and loan administration	29	89	141	200
Regulatory and licensing fees	25	30	87	94
Mortgage representation and warranty obligation, net (a)	22	30	103	171
Premises and equipment depreciation	20	20	61	56
Vehicle remarketing and repossession	15	11	42	39
Occupancy	12	12	34	38
Other	58	65	161	166
Total other operating expenses	$432	$498	$1,393	$1,504

(a) Refer to Note 26 for further details on representation and warranty obligation.

5. Investment Securities

Our portfolio of securities includes bonds, equity securities, asset- and mortgage-backed securities, notes, interests in securitization trusts, and other investments. The cost, fair value, and gross unrealized gains and losses on available-for-sale securities were as follows:

	September 30, 2013				December 31, 2012			
	Amortized	Gross unrealized		Fair	Amortized	Gross unrealized		Fair
($ in millions)	cost	gains	losses	value	cost	gains	losses	value
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$2,075	$1	$(54)	$2,022	$2,212	$3	$(1)	$2,214
U.S. States and political subdivisions	178	1	—	179	—	—	—	—
Foreign government	299	4	(3)	300	295	8	—	303
Mortgage-backed residential (a)	11,444	78	(316)	11,206	6,779	130	(3)	6,906
Mortgage-backed commercial	20	—	—	20	—	—	—	—
Asset-backed	2,251	17	(3)	2,265	2,309	32	(1)	2,340
Corporate debt	1,047	20	(9)	1,058	1,209	57	(3)	1,263
Total debt securities	17,314	121	(385)	17,050	12,804	230	(8)	13,026
Equity securities	929	32	(44)	917	1,193	32	(73)	1,152
Total available-for-sale securities (b)	$18,243	$153	$(429)	$17,967	$13,997	$262	$(81)	$14,178

(a) Residential mortgage-backed securities include agency-backed bonds totaling $8,702 million and $4,983 million at September 30, 2013, and December 31, 2012, respectively.

(b)

Certain entities related to our Insurance operations are required to deposit securities with state regulatory authorities. These deposited securities totaled $15 million and $15 million at September 30, 2013, and December 31, 2012, respectively.

The maturity distribution of available-for-sale debt securities outstanding is summarized in the following tables. Prepayments may cause actual maturities to differ from scheduled maturities.

	Total		Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years (a)	
($ in millions)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
September 30, 2013										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$2,022	0.9 %	$588	0.1 %	$505	1.2 %	$929	1.3 %	$—	— %
U.S. States and political subdivisions	179	3.4	—	—	—	—	86	2.6	93	4.2
Foreign government	300	3.5	5	6.1	111	3.8	179	3.3	5	4.1
Mortgage-backed residential	11,206	2.7	—	—	—	—	101	2.1	11,105	2.7
Mortgage-backed commercial	20	1.3	—	—	—	—	—	—	20	1.3
Asset-backed	2,265	1.9	—	—	1,580	1.9	540	1.9	145	2.5
Corporate debt	1,058	4.3	16	5.1	511	3.3	449	5.1	82	5.7
Total available-for-sale debt securities	$17,050	2.5	$609	0.2	$2,707	2.1	$2,284	2.4	$11,450	2.7
Amortized cost of available-for-sale debt securities	$17,314		$609		$2,694		$2,323		$11,688	
December 31, 2012										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$2,214	0.9 %	$422	— %	$682	0.7 %	$1,110	1.4 %	$—	— %
Foreign government	303	2.5	1	2.2	136	1.8	166	3.0	—	—
Mortgage-backed residential	6,906	2.7	—	—	—	—	35	4.3	6,871	2.7
Asset-backed	2,340	2.1	—	—	1,543	2.0	510	1.7	287	3.3
Corporate debt	1,263	5.1	9	3.2	560	4.0	596	6.0	98	5.8
Total available-for-sale debt securities	$13,026	2.4	$432	0.1	$2,921	2.0	$2,417	2.6	$7,256	2.6
Amortized cost of available-for-sale debt securities	$12,804		$431		$2,880		$2,369		$7,124	

(a) Investments with no stated maturities are included as contractual maturities of greater than 10 years. Actual maturities may differ due to call or prepayment options.

(b) Yields on tax-exempt obligations are computed on a tax-equivalent basis.

The balances of cash equivalents were $3.2 billion and $3.4 billion at September 30, 2013, and December 31, 2012, respectively, and were composed primarily of money market accounts and short-term securities, including U.S. Treasury bills.

The following table presents gross gains and losses realized upon the sales of available-for-sale securities and other-than-temporary impairment.

($ in millions)	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Gross realized gains	$59	$52	$196	$217
Gross realized losses	(7)	(19)	(21)	(31)
Other-than-temporary impairment	(11)	(56)	(19)	(56)
Other gain (loss) on investments, net	$41	$(23)	$156	$130

The following table presents interest and dividends on available-for-sale securities.

($ in millions)	Three months ended September 30, 2013	2012	Nine months ended September 30, 2013	2012
Taxable interest	$79	$58	$210	$197
Taxable dividends	6	6	19	18
Interest and dividends on available-for-sale securities	$85	$64	$229	$215

Certain available-for-sale securities were sold at a loss in 2013 and 2012 as a result of market conditions. The table below summarizes available-for-sale securities in an unrealized loss position in accumulated other comprehensive income. Based on the methodology described below that was applied to these securities, we believe that the unrealized losses relate to factors other than credit losses in the current market environment. As of September 30, 2013, we did not have the intent to sell the debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. As of September 30, 2013, we had the ability and intent to hold equity securities with an unrealized loss position in accumulated other comprehensive income. As a result, we believe that the securities with an unrealized loss position in accumulated other comprehensive income are not considered to be other-than-temporarily impaired at September 30, 2013. Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information related to investment securities and our methodology for evaluating potential other-than-temporary impairments.

	September 30, 2013				December 31, 2012			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
($ in millions)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$1,419	$(54)	$—	$—	$244	$(1)	$—	$—
U.S. States and political subdivisions	32	—	—	—	—	—	—	—
Foreign government	113	(3)	—	—	11	—	—	—
Mortgage-backed	6,688	(316)	3	—	493	(2)	23	(1)
Asset-backed	438	(3)	1	—	143	(1)	1	—
Corporate debt	316	(9)	—	—	120	(2)	15	(1)
Total temporarily impaired debt securities	9,006	(385)	4	—	1,011	(6)	39	(2)
Temporarily impaired equity securities	380	(29)	90	(15)	380	(39)	218	(34)
Total temporarily impaired available-for-sale securities	$9,386	$(414)	$94	$(15)	$1,391	$(45)	$257	$(36)

6. Loans Held-for-Sale, Net

The composition of loans held-for-sale, net, was as follows.

($ in millions)	September 30, 2013	December 31, 2012
Consumer mortgage		

1st Mortgage (fair value elected)	$63	$2,490
Total consumer mortgage	63	2,490
Commercial and industrial		
Other	19	86
Total loans held-for-sale (a)	$82	$2,576

(a) Totals are net of unamortized premiums and discounts and deferred fees and costs. Included in the totals are net unamortized discounts of $56 million at September 30, 2013, and net unamortized premiums of $26 million at December 31, 2012.

The following table summarizes held-for-sale mortgage loans reported at carrying value by higher-risk loan type.

($ in millions)	September 30, 2013	December 31, 2012
High original loan-to-value (greater than 100%) mortgage loans	$1	$378
Interest-only mortgage loans	1	10
Total higher-risk mortgage loans held-for-sale	$2	$388

7. Finance Receivables and Loans, Net

The composition of finance receivables and loans, net, reported at carrying value before allowance for loan losses was as follows.

($ in millions)	September 30, 2013	December 31, 2012
Consumer automobile (a)	$56,450	$53,715
Consumer mortgage		
1st Mortgage	6,343	7,173
Home equity	2,429	2,648
Total consumer mortgage	8,772	9,821
Commercial		
Commercial and industrial		
Automobile	25,691	30,270
Mortgage	—	—
Other	1,607	2,697
Commercial real estate		
Automobile	2,761	2,552
Mortgage	—	—
Total commercial	30,059	35,519
Total finance receivables and loans (b) (c)	$95,281	$99,055

(a) Includes $3 million of fair value adjustment for loans in hedge accounting relationships at September 30, 2013. Refer to Note 20 for additional information.

(b) Totals are net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $695 million and $895 million at September 30, 2013, and December 31, 2012, respectively.

(c) Includes no international loans at September 30, 2013. Includes $2 million of international consumer automobile loans and $18 million of international commercial other loans at December 31, 2012.

The following tables present an analysis of the activity in the allowance for loan losses on finance receivables and loans.

Three months ended September 30, 2013 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2013	$610	$431	$142	$1,183
Charge-offs	(168)	(16)	—	(184)
Recoveries	53	5	—	58
Net charge-offs	(115)	(11)	—	(126)
Provision for loan losses	156	(12)	(3)	141
Other	—	(1)	1	—
Allowance at September 30, 2013	$651	$407	$140	$1,198

Three months ended September 30, 2012 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2012	$778	$472	$177	$1,427
Charge-offs (a)	(158)	(33)	(3)	(194)
Recoveries (b)	62	2	5	69
Net charge-offs	(96)	(31)	2	(125)
Provision for loan losses	99	6	—	105
Other (c)	22	—	(6)	16
Allowance at September 30, 2012	$803	$447	$173	$1,423

(a) Includes international consumer automobile charge-offs of $47 million.
(b) Includes international consumer automobile and international commercial recoveries of $21 million and $4 million, respectively.
(c) Includes provision for loan losses relating to discontinued operations of $11 million.

Nine months ended September 30, 2013 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2013	$575	$452	$143	$1,170
Charge-offs (a)	(443)	(71)	(3)	(517)
Recoveries	155	13	6	174
Net charge-offs	(288)	(58)	3	(343)
Provision for loan losses	355	14	(8)	361
Other	9	(1)	2	10
Allowance at September 30, 2013	$651	$407	$140	$1,198
Allowance for loan losses				
Individually evaluated for impairment	$22	$199	$28	$249
Collectively evaluated for impairment	629	208	112	949
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost				
Ending balance	56,450	8,772	30,059	95,281
Individually evaluated for impairment	269	916	251	1,436
Collectively evaluated for impairment	56,170	7,856	29,808	93,834
Loans acquired with deteriorated credit quality	11	—	—	11

(a) Includes international commercial charge-offs of $1 million.

Nine months ended September 30, 2012 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2012	$766	$516	$221	$1,503
Charge-offs (a)	(424)	(119)	(8)	(551)
Recoveries (b)	184	8	39	231
Net charge-offs	(240)	(111)	31	(320)
Provision for loan losses	200	54	(18)	236
Other (c)	77	(12)	(61)	4
Allowance at September 30, 2012	$803	$447	$173	$1,423
Allowance for loan losses				
Individually evaluated for impairment	$10	$172	$38	$220
Collectively evaluated for impairment	789	275	135	1,199
Loans acquired with deteriorated credit quality	4	—	—	4
Finance receivables and loans at historical cost				
Ending balance	70,847	9,787	40,625	121,259
Individually evaluated for impairment	97	738	1,662	2,497
Collectively evaluated for impairment	70,710	9,049	38,963	118,722
Loans acquired with deteriorated credit quality	40	—	—	40

(a) Includes international consumer automobile and international commercial charge-offs of $128 million and $2 million, respectively.

(b) Includes international consumer automobile and international commercial recoveries of $55 million and $29 million, respectively.

(c) Includes provision for loan losses relating to discontinued operations of $49 million.

The following table presents information about significant sales of finance receivables and loans recorded at historical cost and transfers of finance receivables and loans from held-for-investment to held-for-sale.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Consumer automobile	$—	$—	$—	$1,960
Consumer mortgage	—	—	—	40
Commercial	2	10	47	10
Total sales and transfers	$2	$10	$47	$2,010

The following table presents an analysis of our past due finance receivables and loans, net, recorded at historical cost reported at carrying value before allowance for loan losses.

($ in millions)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total finance receivables and loans
September 30, 2013						
Consumer automobile	$1,024	$231	$153	$1,408	$55,042	$ 56,450
Consumer mortgage						
1st Mortgage	64	22	123	209	6,134	6,343
Home equity	17	5	12	34	2,395	2,429
Total consumer mortgage	81	27	135	243	8,529	8,772
Commercial						
Commercial and industrial						
Automobile	14	11	15	40	25,651	25,691
Mortgage	—	—	—	—	—	—
Other	—	—	—	—	1,607	1,607
Commercial real estate						
Automobile	—	7	7	14	2,747	2,761
Mortgage	—	—	—	—	—	—
Total commercial	14	18	22	54	30,005	30,059
Total consumer and commercial	$1,119	$276	$310	$1,705	$93,576	$ 95,281
December 31, 2012						
Consumer automobile	$920	$213	$138	$1,271	$52,444	$ 53,715
Consumer mortgage						
1st Mortgage	66	37	156	259	6,914	7,173
Home equity	15	6	18	39	2,609	2,648
Total consumer mortgage	81	43	174	298	9,523	9,821
Commercial						
Commercial and industrial						
Automobile	—	—	16	16	30,254	30,270
Mortgage	—	—	—	—	—	—
Other	—	—	1	1	2,696	2,697
Commercial real estate						
Automobile	—	—	8	8	2,544	2,552
Mortgage	—	—	—	—	—	—
Total commercial	—	—	25	25	35,494	35,519
Total consumer and commercial	$1,001	$256	$337	$1,594	$97,461	$ 99,055

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The following table presents the carrying value before allowance for loan losses of our finance receivables and loans recorded at historical cost on nonaccrual status.

($ in millions)	September 30, 2013	December 31, 2012
Consumer automobile	$306	$260
Consumer mortgage		
1st Mortgage	197	342
Home equity	29	40
Total consumer mortgage	226	382
Commercial		
Commercial and industrial		
Automobile	140	146
Mortgage	—	—
Other	84	33
Commercial real estate		
Automobile	27	37
Mortgage	—	—
Total commercial	251	216
Total consumer and commercial finance receivables and loans	$783	$858

Management performs a quarterly analysis of the consumer automobile, consumer mortgage, and commercial portfolios using a range of credit quality indicators to assess the adequacy of the allowance based on historical and current trends. The tables below present the population of loans by quality indicators for our consumer automobile, consumer mortgage, and commercial portfolios.

The following table presents performing and nonperforming credit quality indicators in accordance with our internal accounting policies for our consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses. Nonperforming loans include finance receivables and loans on nonaccrual status when the principal or interest has been delinquent for 90 days or when full collection is determined not to be probable. Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information.

	September 30, 2013			December 31, 2012		
($ in millions)	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer automobile	$56,144	$306	$56,450	$53,455	$260	$53,715
Consumer mortgage						
1st Mortgage	6,146	197	6,343	6,831	342	7,173
Home equity	2,400	29	2,429	2,608	40	2,648
Total consumer mortgage	$8,546	$226	$8,772	$9,439	$382	$9,821

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The following table presents pass and criticized credit quality indicators based on regulatory definitions for our commercial finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses.

	September 30, 2013			December 31, 2012		
($ in millions)	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automobile	$24,446	$1,245	$25,691	$28,978	$1,292	$30,270
Mortgage	—	—	—	—	—	—
Other	1,312	295	1,607	2,417	280	2,697
Commercial real estate						
Automobile	2,676	85	2,761	2,440	112	2,552
Mortgage	—	—	—	—	—	—
Total commercial	$28,434	$1,625	$30,059	$33,835	$1,684	$35,519

(a) Includes loans classified as special mention, substandard, or doubtful. These classifications are based on regulatory definitions and generally represent loans within our portfolio that have a higher default risk or have already defaulted.

Impaired Loans and Troubled Debt Restructurings

Impaired Loans

Loans are considered impaired when we determine it is probable that we will be unable to collect all amounts due according to the terms of the loan agreement. For more information on our impaired finance receivables and loans, refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report.

The following table presents information about our impaired finance receivables and loans recorded at historical cost.

($ in millions)	Unpaid principal balance	Carrying value before allowance	Impaired with no allowance	Impaired with an allowance	Allowance for impaired loans
September 30, 2013					
Consumer automobile	$269	$269	$—	$269	$22
Consumer mortgage					
1st Mortgage	779	772	124	648	145
Home equity	143	144	1	143	54
Total consumer mortgage	922	916	125	791	199
Commercial					
Commercial and industrial					
Automobile	140	140	49	91	15
Mortgage	—	—	—	—	—
Other	84	84	10	74	11
Commercial real estate					
Automobile	27	27	6	21	2
Mortgage	—	—	—	—	—
Total commercial	251	251	65	186	28
Total consumer and commercial finance receivables and loans	$1,442	$1,436	$190	$1,246	$249
December 31, 2012					
Consumer automobile	$260	$260	$90	$170	$16
Consumer mortgage					
1st Mortgage	811	725	123	602	137
Home equity	147	148	1	147	49
Total consumer mortgage	958	873	124	749	186
Commercial					
Commercial and industrial					
Automobile	146	146	54	92	7
Mortgage	—	—	—	—	—
Other	33	33	9	24	7
Commercial real estate					
Automobile	37	37	9	28	12
Mortgage	—	—	—	—	—
Total commercial	216	216	72	144	26
Total consumer and commercial finance receivables and loans	$1,434	$1,349	$286	$1,063	$228

The following tables present average balance and interest income for our impaired finance receivables and loans.

	2013		2012	
Three months ended September 30, ($ in millions)	Average balance	Interest income	Average balance	Interest income
Consumer automobile	$275	$5	$97	$2
Consumer mortgage				
1st Mortgage	778	6	628	10
Home equity	146	1	91	1
Total consumer mortgage	924	7	719	11
Commercial				
Commercial and industrial				
Automobile	163	2	229	4
Mortgage	—	—	—	—
Other	84	—	37	—
Commercial real estate				
Automobile	29	—	51	1
Mortgage	—	—	—	—
Total commercial	276	2	317	5
Total consumer and commercial finance receivables and loans	$1,475	$14	$1,133	$18

	2013		2012	
Nine months ended September 30, ($ in millions)	Average balance	Interest income	Average balance	Interest income
Consumer automobile	$274	$14	$91	$7
Consumer mortgage				
1st Mortgage	764	18	574	21
Home equity	141	4	95	3
Total consumer mortgage	905	22	669	24
Commercial				
Commercial and industrial				
Automobile	160	5	212	9
Mortgage	—	—	6	—
Other	69	1	32	5
Commercial real estate				
Automobile	33	1	57	2
Mortgage	—	—	7	—
Total commercial	262	7	314	16
Total consumer and commercial finance receivables and loans	$1,441	$43	$1,074	$47

Troubled Debt Restructurings

Troubled debt restructurings (TDRs) are loan modifications where concessions were granted to borrowers experiencing financial difficulties. Numerous initiatives are in place to provide support to our mortgage customers in financial distress, including principal forgiveness, maturity extensions, delinquent interest capitalization, and changes to contractual interest rates. Additionally for automobile loans, we may offer several types of assistance to aid our customers including extension of the loan maturity date and rewriting the loan terms. Total TDRs recorded at historical cost and reported at carrying value before allowance for loan losses were $1.3 billion and $1.2 billion at September 30, 2013, and December 31, 2012, respectively. Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information.

The following table presents information related to finance receivables and loans recorded at historical cost modified in connection with a TDR during the period.

	2013 (a)			2012		
Three months ended September 30, ($ in millions)	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance
Consumer automobile	4,610	$ 69	$ 57	1,207	$ 14	$ 14
Consumer mortgage						
1st Mortgage	88	31	31	218	74	59
Home equity	33	2	1	85	5	5
Total consumer mortgage	121	33	32	303	79	64
Commercial						
Commercial and industrial						
Automobile	2	5	5	3	7	7
Mortgage	—	—	—	—	—	—
Other	1	27	27	—	—	—
Commercial real estate						
Automobile	1	7	7	1	2	2
Mortgage	—	—	—	—	—	—
Total commercial	4	39	39	4	9	9
Total consumer and commercial finance receivables and loans	4,735	$ 141	$ 128	1,514	$ 102	$ 87

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

	2013 (a)			2012		
Nine months ended September 30, ($ in millions)	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance
Consumer automobile	14,309	$ 216	$ 182	5,979	$ 72	$ 72
Consumer mortgage						
1st Mortgage	706	238	196	1,140	333	247
Home equity	147	8	7	312	18	17
Total consumer mortgage	853	246	203	1,452	351	264
Commercial						
Commercial and industrial						
Automobile	8	37	37	9	15	15
Mortgage	—	—	—	—	—	—
Other	4	80	78	—	—	—
Commercial real estate						
Automobile	5	20	20	5	11	10
Mortgage	—	—	—	—	—	—
Total commercial	17	137	135	14	26	25
Total consumer and commercial finance receivables and loans	15,179	$ 599	$ 520	7,445	$ 449	$ 361

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

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The following table presents information about finance receivables and loans recorded at historical cost that have redefaulted during the reporting period and were within 12 months or less of being modified as a TDR. Redefault is when finance receivables and loans meet the requirements for evaluation under our charge-off policy (Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information) except for commercial finance receivables and loans where redefault is defined as 90 days past due.

	2013 (a)			2012		
Three months ended September 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automobile	1,562	$ 19	$ 9	145	$ 2	$ —
Consumer mortgage						
1st Mortgage	4	2	—	5	1	—
Home equity	—	—	—	12	1	1
Total consumer mortgage	4	2	—	17	2	1
Commercial						
Commercial and industrial						
Automobile	—	—	—	—	—	—
Commercial real estate						
Automobile	—	—	—	—	—	—
Total commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	1,566	$ 21	$ 9	162	$ 4	$ 1

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

	2013 (a)			2012		
Nine months ended September 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automobile	4,309	$ 53	$ 26	514	$ 5	$ 2
Consumer mortgage						
1st Mortgage	14	4	—	17	4	1
Home equity	2	—	—	25	2	2
Total consumer mortgage	16	4	—	42	6	3
Commercial						
Commercial and industrial						
Automobile	—	—	—	4	3	—
Commercial real estate						
Automobile	—	—	—	1	2	—
Total commercial	—	—	—	5	5	—
Total consumer and commercial finance receivables and loans	4,325	$ 57	$ 26	561	$ 16	$ 5

(a) Due to recent industry practice, bankruptcy loans that have not been reaffirmed have been included within our TDR population beginning in the fourth quarter of 2012.

At both September 30, 2013, and December 31, 2012, commercial commitments to lend additional funds to debtors owing receivables whose terms had been modified in a TDR were $25 million.

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Higher-Risk Mortgage Concentration Risk

The following table summarizes held-for-investment mortgage finance receivables and loans recorded at historical cost and reported at carrying value before allowance for loan losses by higher-risk loan type.

($ in millions)	September 30, 2013	December 31, 2012
Interest-only mortgage loans (a)	$1,600	$2,063
Below-market rate (teaser) mortgages	168	192
Total higher-risk mortgage finance receivables and loans	$1,768	$2,255

(a) The majority of the interest-only mortgage loans are expected to start principal amortization in 2015 or beyond.

8. Investment in Operating Leases, Net

Investments in operating leases were as follows.

($ in millions)	September 30, 2013	December 31, 2012
Vehicles and other equipment	$20,510	$16,009
Accumulated depreciation	(3,256)	(2,459)
Investment in operating leases, net	$17,254	$13,550

Depreciation expense on operating lease assets includes remarketing gains and losses recognized on the sale of operating lease assets. The following summarizes the components of depreciation expense on operating lease assets.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Depreciation expense on operating lease assets (excluding remarketing gains)	$610	$400	$1,699	$1,087
Remarketing gains, net	(95)	(34)	(250)	(81)
Depreciation expense on operating lease assets	$515	$366	$1,449	$1,006

9. Securitizations and Variable Interest Entities

Overview

We are involved in several types of securitization and financing transactions that utilize special-purpose entities (SPEs). An SPE is an entity that is designed to fulfill a specified limited need of the sponsor. Our principal use of SPEs is to obtain liquidity by securitizing certain of our financial assets and operating lease assets.

The SPEs involved in our securitization and other financing transactions are generally considered variable interest entities (VIEs). VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities.

Due to the deconsolidation of ResCap, our mortgage securitization activity and involvement with certain mortgage-related VIEs has substantially decreased. Refer to Note 1 for additional information related to ResCap. We no longer securitize consumer mortgage loans through transactions involving the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), the Government National Mortgage Association (Ginnie Mae), or through private-label mortgage securitizations. Accordingly, the discussion below represents our current involvement with variable interest entities as of September 30, 2013, except where otherwise stated or where comparative information is presented.

Securitizations

We provide a wide range of consumer and commercial automobile loans, operating leases, and commercial loans to a diverse customer base. We often securitize these loans (also referred to as financial assets) and leases through the use of securitization entities, which may or may not be consolidated on our Condensed Consolidated Balance Sheet. We securitize consumer and commercial automobile loans, operating leases, and other commercial loans through

private-label securitizations.

In executing a securitization transaction, we typically sell pools of leases and financial assets to a wholly owned, bankruptcy-remote SPE, which then transfers the leases and financial assets to a separate, transaction-specific securitization entity for cash, servicing rights, and in some transactions, other retained interests. The securitization entity is funded through the issuance of beneficial interests in the securitized financial assets. The beneficial interests take the form of either notes or trust certificates, which are sold to investors and/or retained by us. These beneficial interests are collateralized by the transferred leases and loans and entitle the investors to specified cash flows generated from

the underlying securitized assets. In addition to providing a source of liquidity and cost-efficient funding, securitizing these leases and financial assets also reduces our credit exposure to the borrowers beyond any economic interest we may retain.

Each securitization is governed by various legal documents that limit and specify the activities of the securitization entity. The securitization entity is generally allowed to acquire the loans, to issue beneficial interests to investors to fund the acquisition of the loans, and to enter into derivatives or other yield maintenance contracts to hedge or mitigate certain risks related to the financial assets or beneficial interests of the entity. A servicer, who is generally us, is appointed pursuant to the underlying legal documents to service the assets the securitization entity holds and the beneficial interests it issues. Servicing functions include, but are not limited to, general collection activity on current and noncurrent accounts, loss mitigation efforts including repossession and sale of collateral, as well as advancing principal and interest payments before collecting them from individual borrowers. Our servicing responsibilities, which constitute continued involvement in the transferred financial assets, consist of primary servicing (i.e., servicing the underlying transferred financial assets) and master servicing (i.e., servicing the beneficial interests that result from the securitization transactions).

In private-label securitizations, cash flows from the assets initially transferred into the securitization entity represent the sole source for payment of distributions on the beneficial interests issued by the securitization entity and for payments to the parties that perform services for the securitization entity, such as the servicer or the trustee. In certain securitization transactions, a liquidity facility may exist to provide temporary liquidity to the entity. The liquidity provider generally is reimbursed prior to other parties in subsequent distribution periods.

We typically hold retained beneficial interests in our securitizations, which may represent a form of significant continuing economic interest. These retained interests include, but are not limited to, senior or subordinate asset-backed securities and residuals; and other residual interests. Certain of these retained interests provide credit enhancement to the trust as they may absorb credit losses or other cash shortfalls. Additionally, the securitization agreements may require cash flows to be directed away from certain of our retained interests due to specific over-collateralization requirements, which may or may not be performance-driven.

We generally hold certain conditional repurchase options specific to securitizations that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes burdensome (a clean-up call option). The repurchase price is typically the par amount of the loans plus accrued interest. Additionally, we may hold other conditional repurchase options that allow us to repurchase a transferred financial asset if certain events outside our control occur. The typical conditional repurchase option is a delinquent loan repurchase option that gives us the option to purchase the loan or contract if it exceeds a certain prespecified delinquency level. We generally have discretion regarding when or if we will exercise these options, but we would do so only when it is in our best interest.

Other than our customary representation and warranty provisions, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the securitization entities are held by third parties. Representation and warranty provisions generally require us to repurchase loans or indemnify the investor or other party for incurred losses to the extent it is determined that the loans were ineligible or were otherwise defective at the time of sale. Refer to Note 26 for detail on representation and warranty provisions. We did not provide any noncontractual financial support to any of these entities during the nine months ended September 30, 2013 or 2012.

Consolidation of Variable Interest Entities

The determination of whether the assets and liabilities of the VIEs are consolidated on our balance sheet (also referred to as on-balance sheet) or not consolidated on our balance sheet (also referred to as off-balance sheet) depends on the terms of the related transaction and our continuing involvement (if any) with the VIE. We are deemed the primary beneficiary and therefore consolidate VIEs for which we have both (a) the power, through voting rights or similar

rights, to direct the activities that most significantly impact the VIE's economic performance, and (b) a variable interest (or variable interests) that (i) obligates us to absorb losses that could potentially be significant to the VIE and/or (ii) provides us the right to receive residual returns of the VIE that could potentially be significant to the VIE. We determine whether we hold a significant variable interest in a VIE based on a consideration of both qualitative and quantitative factors regarding the nature, size, and form of our involvement with the VIE. We assess whether we are the primary beneficiary of a VIE on an ongoing basis.

We are generally determined to be the primary beneficiary in VIEs established for our securitization activities when we have a controlling financial interest in the VIE, primarily due to our servicing activities, and because we hold a significant beneficial interest in the VIE. The consolidated VIEs included in the Condensed Consolidated Balance Sheet represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to us, except for the customary representation and warranty provisions or when we are the counterparty to certain derivative transactions involving the VIE. In addition, the cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets. All assets of consolidated VIEs, presented below based upon the legal transfer of the underlying assets in order to reflect legal ownership, are restricted for the benefit of the beneficial interest holders. Refer to Note 22 for discussion of the assets and liabilities for which the fair value option has been elected.

The nature, purpose, and activities of nonconsolidated securitization entities are similar to those of our consolidated securitization entities with the primary difference being the nature and extent of our continuing involvement. We are generally not determined to be the primary beneficiary in VIEs established for our securitization activities when we either do not hold potentially significant variable interests or

do not provide servicing or asset management functions for the financial assets held by the securitization entity. Additionally, to qualify for off-balance sheet treatment, transfers of financial assets must meet appropriate sale accounting conditions. For nonconsolidated securitization entities, the transferred financial assets are removed from our balance sheet provided the conditions for sale accounting are met. The financial assets obtained from the securitization are primarily reported as cash, servicing rights, or retained interests (if applicable). Typically, we conclude that the fee we are paid for servicing consumer automobile finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. Liabilities incurred as part of these securitization transactions, such as representation and warranty provisions, are recorded at fair value at the time of sale and are reported as accrued expenses and other liabilities on our Condensed Consolidated Balance Sheet. Upon the sale of the loans, we recognize a gain or loss on sale for the difference between the assets recognized, the assets derecognized, and the liabilities recognized as part of the transaction.

The pretax gains recognized on financial assets sold into nonconsolidated securitization and similar asset-backed financing entities for consumer mortgage - GSEs were $0 and $112 million for the three months and nine months ended September 30, 2013, respectively compared to $19 million and $71 million for the same periods in 2012, respectively. There were no pretax gains recognized for consumer automobile for the three months and nine months ended September 30, 2013, respectively compared to $0 and $6 million for the same periods in 2012, respectively.

We have involvement with various other on-balance sheet, immaterial VIEs. Most of these VIEs are used for additional liquidity whereby we sell certain financial assets into the VIE and issue beneficial interests to third parties for cash. We also provide long-term guarantee contracts to investors in certain nonconsolidated affordable housing entities and have extended a line of credit to provide liquidity and minimize our exposure under these contracts. Since we do not have control over the entities or the power to make decisions, we do not consolidate the entities and our involvement is limited to the guarantee and the line of credit.

Our involvement with consolidated and nonconsolidated VIEs in which we hold variable interests is presented below.

($ in millions)	Consolidated involvement with VIEs (a)		Assets of nonconsolidated VIEs (a)		Maximum exposure to loss in nonconsolidated VIEs	
September 30, 2013						
On-balance sheet variable interest entities						
Consumer automobile	$19,144					
Commercial automobile	15,157					
Commercial other	812					
Off-balance sheet variable interest entities						
Consumer automobile	—		$1,031		$1,031	(b)
Commercial other	(26	) (c)	—	(d)	58	
Total	$35,087		$1,031		$1,089	
December 31, 2012						
On-balance sheet variable interest entities						
Consumer automobile	$28,566					
Commercial automobile	23,139					
Commercial other	728					
Off-balance sheet variable interest entities						
Consumer automobile	—		$1,495		$1,495	(b)
Consumer mortgage — other	—		—	(d)	12	(e)
Commercial other	(28	) (c)	—	(d)	85	
Total	$52,405		$1,495		$1,592	

(a)

Asset values represent the current unpaid principal balance of outstanding consumer and commercial finance receivables, loans, and leases within the VIEs.

(b) Maximum exposure to loss represents the current unpaid principal balance of outstanding loans based on our customary representation and warranty provisions. This measure is based on the unlikely event that all of the loans have underwriting defects or other defects that trigger a representation and warranty provision and the collateral supporting the loans is worthless. This required disclosure is not an indication of our expected loss.

(c) Amounts classified as accrued expenses and other liabilities.

(d) Includes a VIE for which we have no management oversight and therefore we are not able to provide the total assets of the VIE.

(e) Our maximum exposure to loss in this VIE is a component of servicer advances made that are allocated to the trust. The maximum exposure to loss presented represents the unlikely event that every loan underlying the excess servicing rights sold defaults, and we, as servicer, are required to advance the entire excess service fee to the trust for the contractually established period. This required disclosure is not an indication of our expected loss.

Cash Flows with Off-balance Sheet Variable Interest Entities

The following table summarizes cash flows received and paid related to securitization entities, asset-backed financings, or other similar transfers of financial assets where the transfer is accounted for as a sale and we have a continuing involvement with the transferred assets (e.g., servicing) that were outstanding during the nine months ended September 30, 2013 and 2012. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

Nine months ended September 30, ($ in millions)	Consumer automobile	Consumer mortgage GSEs	Consumer mortgage private-label
2013			
Cash proceeds from transfers completed during the period	$—	$8,676	$—
Servicing fees	10	68	—
Representations and warranties obligations	—	(65)	—
Other cash flows	—	70	—
2012			
Cash proceeds from transfers completed during the period	$1,978	$23,779	$5
Cash flows received on retained interests in securitization entities	—	—	71
Servicing fees	8	560	63
Purchases of previously transferred financial assets	—	(876)	(12)
Representations and warranties obligations	—	(105)	(7)
Other cash flows	—	(91)	255

Delinquencies and Net Credit Losses

The following tables represent on-balance sheet loans held-for-sale and finance receivables and loans, off-balance sheet securitizations, and whole-loan sales where we have continuing involvement. The tables presents quantitative information about delinquencies and net credit losses. Refer to Note 10 for further detail on total serviced assets.

	Total Amount		Amount 60 days or more past due	
($ in millions)	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
On-balance sheet loans				
Consumer automobile	$56,450	$53,715	$384	$351
Consumer mortgage	8,835	12,311	188	241
Commercial automobile	28,452	32,822	40	24
Commercial mortgage	—	—	—	—
Commercial other	1,626	2,783	—	1
Total on-balance sheet loans	95,363	101,631	612	617
Off-balance sheet securitization entities				
Consumer automobile	1,031	1,495	3	4
Consumer mortgage - GSEs (a)	—	119,384	—	1,892
Total off-balance sheet securitization entities	1,031	120,879	3	1,896
Whole-loan transactions (b)	3,589	6,756	82	129
Total	$99,983	$229,266	$697	$2,642

(a) Decrease due to the sales of agency MSRs. Refer to Note 10 for additional information.

(b) Whole-loan transactions are not part of a securitization transaction, but represent consumer automobile and consumer mortgage pools of loans sold to third-party investors.

	Net credit losses			
	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
On-balance sheet loans				
Consumer automobile	$115	$96	$288	$240
Consumer mortgage	11	2	58	12
Commercial automobile	—	2	—	1
Commercial mortgage	—	—	—	(1)
Commercial other	—	(4)	(3)	(31)
Total on-balance sheet loans	126	96	343	221
Off-balance sheet securitization entities				
Consumer automobile	1	1	3	1
Consumer mortgage - GSEs (a)	—	n/m	—	n/m
Total off-balance sheet securitization entities	1	1	3	1
Whole-loan transactions	3	1	8	11
Total	$130	$98	$354	$233

n/m = not meaningful
(a) Anticipated credit losses are not meaningful due to the GSE guarantees.

10. Servicing Activities

Mortgage Servicing Rights

The following table summarizes past activity related to MSRs, which were carried at fair value. Management estimated fair value using our transaction data and other market data or, in periods when there were limited MSRs market transactions that were directly observable, internally developed discounted cash flow models (an income approach) were used to estimate the fair value. These internal valuation models estimated net cash flows based on internal operating assumptions that we believed would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believed approximate yields required by investors in this asset.

Three months ended September 30, ($ in millions)	2013	2012
Estimated fair value at July 1,	$—	$1,105
Additions	—	50
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	—	(192)
Other changes in fair value	—	(61)
Estimated fair value at September 30,	$—	$902

Nine months ended September 30, ($ in millions)	2013	2012 (a)
Estimated fair value at January 1,	$952	$2,519
Additions	60	167
Sales (b)	(911)	—
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	(32)	(330)
Other changes in fair value	(69)	(324)
Deconsolidation of ResCap	—	(1,130)
Estimated fair value at September 30,	$—	$902

(a) Includes activities of our discontinued operations.
(b)

Includes the sales of agency MSRs to Ocwen and Quicken Loans, Inc. (Quicken) on April 1, 2013 and April 16, 2013.

Changes in fair value due to changes in valuation inputs or assumptions used in the valuation model included all changes due to a revaluation by a model or by a benchmarking exercise. Other changes in fair value primarily included the accretion of the present value of the

discount related to forecasted cash flows and the economic runoff of the portfolio. Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information regarding our significant assumptions and valuation techniques used in the valuation of mortgage servicing rights.

Risk Mitigation Activities

The primary risk of servicing rights is interest rate risk and the resulting impact on prepayments. A significant decline in interest rates could lead to higher-than-expected prepayments that could reduce the value of the MSRs. We previously economically hedged the impact of these risks with both derivative and nonderivative financial instruments. Refer to Note 20 for additional information regarding the derivative financial instruments used to economically hedge MSRs.

The components of servicing valuation and hedge activities, net, were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Change in estimated fair value of mortgage servicing rights	$—	$(253)	$(101)	$(538)
Change in fair value of derivative financial instruments	—	387	(112)	612
Servicing asset valuation and hedge activities, net	$—	$134	$(213)	$74

Mortgage Servicing Fees

The components of mortgage servicing fees were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Contractual servicing fees, net of guarantee fees and including subservicing	$—	$59	$61	$223
Late fees	—	3	1	8
Ancillary fees	—	3	4	9
Total mortgage servicing fees	$—	$65	$66	$240

Mortgage Servicing Advances

Historically, we serviced loans sold to third-party investors. The majority of Ally Bank's on-balance sheet mortgage loans are subserviced by Ocwen, pursuant to a servicing agreement. In connection with the servicing of our on-balance sheet mortgage loans, we make certain payments for property taxes and insurance premiums, and default and property maintenance payments before collecting them from individual borrowers. Servicing advances are priority cash flows in the event of a loan principal reduction or foreclosure and ultimate liquidation of the real estate-owned property. These servicing advances are included in other assets on the Condensed Consolidated Balance Sheet and totaled $11 million and $82 million at September 30, 2013 and December 31, 2012, respectively. We maintained an allowance for uncollected primary servicing advances of $0 and $1 million at September 30, 2013 and December 31, 2012, respectively. Our potential obligation is influenced by the loan’s performance and credit quality.

Mortgage Serviced Assets

Total serviced mortgage assets consist of primary servicing activities. These include loans owned by Ally Bank, where Ally Bank is the primary servicer, and included loans sold to third-party investors, where Ally Bank had retained primary servicing. Loans owned by Ally Bank are categorized as loans held-for-sale or finance receivables and loans, which are discussed in further detail in Note 6 and Note 7, respectively. The loans sold to third-party investors were sold through off-balance sheet GSE securitization transactions.

The unpaid principal balance of our serviced mortgage assets were as follows.

($ in millions)	September 30, 2013	December 31, 2012
On-balance sheet mortgage loans		

Held-for-sale and investment	$7,798	$10,938
Off-balance sheet mortgage loans		
Loans sold to third-party investors		
GSEs	—	119,384
Whole-loan	—	2
Total primary serviced mortgage loans	$7,798	$130,324

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Automobile Finance Servicing Activities

We service consumer automobile contracts. Historically, we have sold a portion of our consumer automobile contracts. With respect to contracts we sell, we retain the right to service and earn a servicing fee for our servicing function. Typically, we conclude that the fee we are paid for servicing consumer automobile finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. We recognized automobile servicing fees of $13 million and $48 million during the three months and nine months ended September 30, 2013, respectively, compared to $26 million and $86 million for the three months and nine months ended September 30, 2012, respectively.

Automobile Finance Serviced Assets

The total serviced automobile finance loans outstanding were as follows.

($ in millions)	September 30, 2013	December 31, 2012
On-balance sheet automobile finance loans and leases		
Consumer automobile	$56,450	$53,715
Commercial automobile	28,452	32,822
Operating leases	17,254	13,550
Operations held-for-sale	4,308	25,979
Other	52	41
Off-balance sheet automobile finance loans		
Loans sold to third-party investors		
Securitizations	1,017	1,474
Whole-loan	3,466	6,541
Other (a)	5,437	—
Total serviced automobile finance loans and leases	$116,436	$134,122

(a) Consists of serviced assets sold in conjunction with the divestiture of our Canadian automotive finance operations.

11. Other Assets

The components of other assets were as follows.

($ in millions)	September 30, 2013	December 31, 2012
Property and equipment at cost	$691	$693
Accumulated depreciation	(459)	(411)
Net property and equipment	232	282
Deferred tax assets	1,985	1,190
Restricted cash collections for securitization trusts (a)	1,292	2,983
Other accounts receivable	636	525
Cash reserve deposits held-for-securitization trusts (b)	400	442
Unamortized debt issuance costs	349	425
Fair value of derivative contracts in receivable position	300	2,298
Collateral placed with counterparties	222	1,290
Restricted cash and cash equivalents	212	889
Nonmarketable equity securities	184	303
Other assets	1,247	1,281
Total other assets	$7,059	$11,908

(a) Represents cash collections from customer payments on securitized receivables. These funds are distributed to investors as payments on the related secured debt.

(b) Represents credit enhancement in the form of cash reserves for various securitization transactions.

12. Deposit Liabilities

Deposit liabilities consisted of the following.

($ in millions)	September 30, 2013	December 31, 2012
Deposits		
Noninterest-bearing deposits	$66	$1,977
Interest-bearing deposits		
Savings and money market checking accounts	19,648	13,871
Certificates of deposit	31,767	31,084
Dealer deposits	550	983
Total deposit liabilities	$52,031	$47,915

Historically, noninterest-bearing deposits primarily represented third-party escrows associated with our mortgage loan-servicing portfolio. See Note 10 for further detail relating to our MSRs sales. The escrow deposits are not subject to an executed agreement and can be withdrawn without penalty at any time. At September 30, 2013, and December 31, 2012, certificates of deposit included $12.9 billion and $12.0 billion, respectively, of certificates of deposit in denominations of $100 thousand or more.

13. Short-term Borrowings

The following table presents the composition of our short-term borrowings portfolio.

	September 30, 2013			December 31, 2012		
($ in millions)	Unsecured	Secured (a)	Total	Unsecured	Secured (a)	Total
Demand notes	$3,199	$—	$3,199	$3,094	$—	$3,094
Bank loans and overdrafts	—	—	—	167	—	167
Federal Home Loan Bank	—	1,750	1,750	—	3,800	3,800
Securities sold under agreements to repurchase	—	566	566	—	—	—
Other (b)	—	500	500	—	400	400
Total short-term borrowings	$3,199	$2,816	$6,015	$3,261	$4,200	$7,461

(a) Refer to Note 14 for further details on assets restricted as collateral for payment of the related debt.
(b) Other relates to secured borrowings at our Commercial Finance Group at September 30, 2013 and December 31, 2012.

14. Long-term Debt

The following tables present the composition of our long-term debt portfolio.

	September 30, 2013			December 31, 2012		
($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Long-term debt						
Due within one year	$4,445	$10,586	$15,031	$1,070	$11,503	$12,573
Due after one year (a)	24,291	20,784	45,075	31,486	29,408	60,894
Fair value adjustment	595	—	595	1,094	—	1,094
Total long-term debt	$29,331	$31,370	$60,701	$33,650	$40,911	$74,561

(a) Includes $2.6 billion and $2.6 billion of trust preferred securities at both September 30, 2013 and December 31, 2012, respectively.

The following table presents the scheduled remaining maturity of long-term debt, assuming no early redemptions will occur. The actual payment of secured debt may vary based on the payment activity of the related pledged assets.

Year ended December 31, ($ in millions)	2013	2014	2015	2016	2017	2018 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$869	$5,540	$5,129	$2,311	$2,633	$13,910	$595	$30,987
Original issue discount	(71)	(189)	(57)	(64)	(77)	(1,198)	—	(1,656)
Total unsecured	798	5,351	5,072	2,247	2,556	12,712	595	29,331
Secured								
Long-term debt	1,808	11,534	8,831	4,983	3,012	1,202	—	31,370
Total long-term debt	$2,606	$16,885	$13,903	$7,230	$5,568	$13,914	$595	$60,701

The following summarizes assets restricted as collateral for the payment of the related debt obligation primarily arising from securitization transactions accounted for as secured borrowings and repurchase agreements.

	September 30, 2013		December 31, 2012	
($ in millions)	Total	Ally Bank (a)	Total	Ally Bank (a)
Investment securities	$290	$290	$1,911	$1,911
Mortgage finance receivables and loans	8,852	8,852	9,866	9,866
Consumer automobile finance receivables	21,940	11,583	29,557	14,833
Commercial automobile finance receivables	17,474	17,474	19,606	19,606
Investment in operating leases, net	6,573	3,522	6,058	1,691
Other assets	943	155	999	272
Total assets restricted as collateral (b)	$56,072	$41,876	$67,997	$48,179
Secured debt (c)	$34,186	$22,609	$45,111	$29,162

(a) Ally Bank is a component of the total column.

(b) Ally Bank has an advance agreement with the Federal Home Loan Bank of Pittsburgh (FHLB) and had assets pledged to secure borrowings that were restricted as collateral to the FHLB totaling $11.7 billion and $12.6 billion at September 30, 2013, and December 31, 2012, respectively. These assets were composed primarily of consumer and commercial mortgage finance receivables and loans, net. Ally Bank has access to the Federal Reserve Bank Discount Window. Ally Bank had assets pledged and restricted as collateral to the Federal Reserve Bank totaling $3.2 billion and $1.9 billion at September 30, 2013, and December 31, 2012, respectively. These assets were composed of consumer automobile finance receivables and loans, net and investment securities. Availability under these programs is only for the operations of Ally Bank and cannot be used to fund the operations or liabilities of Ally or its subsidiaries.

(c) Includes $2.8 billion and $4.2 billion of short-term borrowings at September 30, 2013, and December 31, 2012, respectively.

Trust Preferred Securities

On December 30, 2009, we entered into a Securities Purchase and Exchange Agreement with U.S. Department of Treasury (Treasury) and GMAC Capital Trust I, a Delaware statutory trust (the Trust), which is a finance subsidiary that is wholly owned by Ally. As part of the agreement, the Trust sold to Treasury 2,540,000 trust preferred securities (TRUPS) issued by the Trust with an aggregate liquidation preference of $2.5 billion. Additionally, we issued and sold to Treasury a ten-year warrant to purchase up to 127,000 additional TRUPS with an aggregate liquidation preference of $127 million, at an initial exercise price of $0.01 per security, which Treasury immediately exercised in full.

On March 1, 2011, the Declaration of Trust and certain other documents related to the TRUPS were amended and all the outstanding TRUPS held by Treasury were designated 8.125% Fixed Rate / Floating Rate Trust Preferred Securities, Series (Series 2 TRUPS). On March 7, 2011, Treasury sold 100% of the Series 2 TRUPS in an offering

registered with the SEC. Ally did not receive any proceeds from the sale.

Each Series 2 TRUPS security has a liquidation amount of $25. Distributions are cumulative and are payable until redemption at the applicable coupon rate. Distributions are payable at an annual rate of 8.125% payable quarterly in arrears, beginning August 15, 2011, to but excluding February 15, 2016. From and including February 15, 2016, to but excluding February 15, 2040, distributions will be payable at an annual rate equal to three-month London interbank offer rate plus 5.785% payable quarterly in arrears, beginning May 15, 2016. Ally has the right to defer payments of interest for a period not exceeding 20 consecutive quarters. The Series 2 TRUPS have no stated maturity date, but must be redeemed upon the redemption or maturity of the related debentures (Debentures), which mature on February 15, 2040. The Series 2 TRUPS are generally nonvoting, other than with respect to certain limited matters. During any period in which any Series 2 TRUPS remain outstanding but in which distributions on the Series 2 TRUPS have not been fully paid, none of Ally or its subsidiaries will be permitted to (i) declare or pay dividends on, make any distributions with respect to, or redeem, purchase, acquire or otherwise make a liquidation payment with respect to, any of Ally’s capital stock or make any guarantee payment with respect thereto; or (ii) make any payments of principal,

interest, or premium on, or repay, repurchase or redeem, any debt securities or guarantees that rank on a parity with or junior in interest to the Debentures with certain specified exceptions in each case.

Covenants and Other Requirements

In secured funding transactions, there are trigger events that could cause the debt to be prepaid at an accelerated rate or could cause our usage of the credit facility to be discontinued. The triggers are generally based on the financial health and performance of the servicer as well as performance criteria for the pool of receivables, such as delinquency ratios, loss ratios, and commercial payment rates. During the nine months ended September 30, 2013, there were no trigger events that resulted in the repayment of debt at an accelerated rate or impacted the usage of our credit facilities.

From time to time, we may issue debt securities in private offerings, and we may be subject to registration rights agreements related to these issuances. Under these agreements, we generally agree to use reasonable efforts to cause the consummation of a registered exchange offer or to file a shelf registration statement within a prescribed period. If we failed to meet any such obligation, we may be required to pay additional penalty interest with respect to the covered debt during the period in which we fail to meet our contractual obligations.

Funding Facilities

We utilize both committed and other credit facilities. The amounts outstanding under our various funding facilities are included on our Condensed Consolidated Balance Sheet.

As of September 30, 2013, Ally Bank had exclusive access to $3.5 billion of funding capacity from committed credit facilities. Funding programs supported by the Federal Reserve and the FHLB, together with repurchase agreements, complement Ally Bank's private committed facilities.

The total capacity in our committed funding facilities is provided by banks and other financial institutions through private transactions. The committed secured funding facilities can be revolving in nature and allow for additional funding during the commitment period, or they can be amortizing and not allow for any further funding after the closing date. At September 30, 2013, $24.2 billion of our $27.6 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of September 30, 2013, we had $14.5 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

Committed Funding Facilities

	Outstanding		Unused Capacity (a)		Total Capacity	
($ in billions)	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Bank funding						
Secured	$ 1.7	$ 3.8	$ 1.8	$ 4.7	$ 3.5	$ 8.5
Parent funding						
Unsecured (b)	—	0.1	—	—	—	0.1
Secured (c) (d) (e)	9.9	22.5	14.2	7.8	24.1	30.3
Total Parent funding	9.9	22.6	14.2	7.8	24.1	30.4
Shared capacity (f) (g)	—	1.1	—	3.0	—	4.1
Total committed facilities	$ 11.6	$ 27.5	$ 16.0	$ 15.5	$ 27.6	$ 43.0

(a) Funding from committed secured facilities is available on request in the event excess collateral resides in certain facilities or is available to the extent incremental collateral is available and contributed to the facilities.

(b) Total unsecured parent funding capacity represents committed funding for our discontinued international automobile financing business.

(c) Total secured parent funding capacity includes committed funding for our discontinued international automobile financing business of $2.8 billion and $12.0 billion as of September 30, 2013 and December 31, 2012, respectively, with outstanding debt of $2.2 billion and $9.6 billion, respectively.

(d)

Total unused capacity includes $0.8 billion and $2.2 billion as of September 30, 2013 and December 31, 2012, respectively, from certain committed funding arrangements that are generally reliant upon the origination of future automotive receivables and that are available in 2013.

(e) Includes the secured facilities of our Commercial Finance Group.

(f) Funding is generally available for assets originated by Ally Bank or the parent company, Ally Financial Inc.

(g) Total shared facilities includes committed funding for our discontinued international automobile financing business of $0.1 billion as of December 31, 2012, with outstanding debt of $0.1 billion.

Other Funding Facilities

($ in billions)	Outstanding		Unused Capacity		Total Capacity	
	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012	September 30, 2013	December 31, 2012
Bank funding						
Secured						
Federal Reserve funding programs	$—	$—	$1.9	$1.8	$1.9	$1.8
FHLB advances	2.8	4.8	2.9	0.4	5.7	5.2
Total bank funding	2.8	4.8	4.8	2.2	7.6	7.0
Parent funding						
Unsecured	1.3	2.1	—	0.4	1.3	2.5
Secured	—	0.1	—	0.1	—	0.2
Total parent funding (a)	1.3	2.2	—	0.5	1.3	2.7
Total other facilities	$4.1	$7.0	$4.8	$2.7	$8.9	$9.7

(a) Total parent funding capacity represents funding for our discontinued international automobile financing business.

15. Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities were as follows.

($ in millions)	September 30, 2013	December 31, 2012
Accrual related to ResCap Settlement (a)	$ 1,950	$ 750
Accounts payable	513	565
Employee compensation and benefits	462	494
Reserves for insurance losses and loss adjustment expenses	299	341
Fair value of derivative contracts in payable position	228	2,468
Collateral received from counterparties	125	941
Other liabilities (b)	1,259	1,026
Total accrued expenses and other liabilities	$ 4,836	$ 6,585

(a) Refer to Note 1 for more information regarding the Debtors' bankruptcy, deconsolidation, and this accrual.

(b) Includes $150 million and $0 accrual for insurance proceeds to be contributed to the ResCap estate at September 30, 2013 and December 31, 2012, respectively. Refer to Note 1 for more information regarding the Debtors' bankruptcy, deconsolidation, and this accrual.

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16. Equity

The following table summarizes information about our Series F-2, Series A, and Series G preferred stock.

	September 30, 2013		December 31, 2012	
Mandatorily convertible preferred stock held by U.S. Department of Treasury				
Series F-2 preferred stock (a)				
Carrying value ($ in millions)	$5,685		$5,685	
Par value (per share)	0.01		0.01	
Liquidation preference (per share)	50		50	
Number of shares authorized	228,750,000		228,750,000	
Number of shares issued and outstanding	118,750,000		118,750,000	
Dividend/coupon	9	%	9	%
Redemption/call feature	Perpetual (b)		Perpetual (b)	
Preferred stock				
Series A preferred stock				
Carrying value ($ in millions)	$1,021		$1,021	
Par value (per share)	0.01		0.01	
Liquidation preference (per share)	25		25	
Number of shares authorized	160,870,560		160,870,560	
Number of shares issued and outstanding	40,870,560		40,870,560	
Dividend/coupon				
Prior to May 15, 2016	8.5	%	8.5	%
On and after May 15, 2016	Three month LIBOR + 6.243%		Three month LIBOR + 6.243%	
Redemption/call feature	Perpetual (c)		Perpetual (c)	
Series G preferred stock (d)				
Carrying value ($ in millions)	$234		$234	
Par value (per share)	0.01		0.01	
Liquidation preference (per share)	1,000		1,000	
Number of shares authorized	2,576,601		2,576,601	
Number of shares issued and outstanding	2,576,601		2,576,601	
Dividend/coupon	7	%	7	%
Redemption/call feature	Perpetual (e)		Perpetual (e)	

(a) Mandatorily convertible to common equity on December 30, 2016 at a conversion rate of 0.00432 common shares for each preferred share, which equates to a common share value of $11,574.

(b) Convertible prior to mandatory conversion date either with consent of Treasury or in the event the Federal Reserve compels a conversion.

(c) Nonredeemable prior to May 15, 2016.

(d) Pursuant to a registration rights agreement, we are required to maintain an effective shelf registration statement. In the event we fail to meet this obligation, we may be required to pay additional interest to the holders of the Series G Preferred Stock.

(e) Redeemable beginning at December 31, 2011.

On August 19, 2013, we entered into investment agreements with certain accredited investors, to issue and sell in a private placement an aggregate of 166,667 shares of our common stock, $0.01 par value per share, at an aggregate price of $1 billion. The completion of the private placement is subject to certain conditions, including, among others,

receipt of the non-objection of the Board of Governors of the Federal Reserve System to our resubmitted capital plan under the Comprehensive Capital Analysis and Review 2013, the repurchase by Ally of all of our outstanding shares of Series F-2 preferred stock, and the elimination or relinquishment of any right of the holder of Series F-2 preferred stock to receive additional shares of common stock in certain circumstances pursuant to Section 6(a)(i)(B) of the certificate of designations of the Series F-2 preferred stock. Further, the investment agreements may be terminated if the investments are not consummated by November 30, 2013.

17. Accumulated Other Comprehensive Income (Loss)

The following table presents changes, net of tax, in each component of accumulated other comprehensive income (loss).

($ in millions)	Unrealized gains (losses) on investment securities	Translation adjustments and net investment hedges	Cash flow hedges	Defined benefit pension plans	Accumulated other comprehensive income (loss)
Balance at December 31, 2012	$76	$368	$2	$(135)	$ 311
2013 net change	(323)	(216)	3	42	(494)
Balance at September 30, 2013	$(247)	$152	$5	$(93)	$ (183)

The following tables present the before- and after-tax changes in each component of accumulated other comprehensive income (loss).

Three months ended September 30, 2013 ($ in millions)	Before Tax	Tax Effect	After Tax
Unrealized gains on investment securities			
Net unrealized gains arising during the period	$46	$7	$53
Less: Net realized gains reclassified to income from continuing operations	41 (a)	—	41
Net change	5	7	12
Translation adjustments			
Net unrealized gains arising during the period	5	(2)	3
Net investment hedges			
Net unrealized losses arising during the period	(14)	6	(8)
Cash flow hedges			
Net unrealized losses arising during the period	(4)	1	(3)
Other comprehensive loss (income)	$(8)	$12	$4

(a) Includes gains reclassified to other gain on investments, net in our Condensed Consolidated Statement of Comprehensive Income.

Nine months ended September 30, 2013 ($ in millions)	Before Tax	Tax Effect	After Tax
Unrealized losses on investment securities			
Net unrealized losses arising during the period	$(289)	$128	$(161)
Less: Net realized gains reclassified to income from continuing operations	156 (a)	(2) (b)	154
Less: Net realized gains reclassified to income from discontinued operations, net of tax	10	(2)	8
Net change	(455)	132	(323)
Translation adjustments			
Net unrealized losses arising during the period	(98)	21	(77)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	345	2	347
Net change	(443)	19	(424)
Net investment hedges			
Net unrealized gains arising during the period	52	(19)	33
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(261)	86	(175)
Net change	313	(105)	208
Cash flow hedges			
Net unrealized losses arising during the period	(1)	—	(1)
Less: Net realized losses reclassified to income from continuing operations	(7) (c)	3 (b)	(4)
Net change	6	(3)	3
Defined benefit pension plans			
Net unrealized gains, prior service costs, and transition obligation arising during the period	2	—	2
Less: Net losses, prior service costs, and transition obligations reclassified to income from continuing operations	(2) (d)	—	(2)
Less: Net losses, prior service costs, and transition obligations reclassified to income from discontinued operations, net of tax	(49)	11	(38)
Net change	53	(11)	42
Other comprehensive loss	$(526)	$32	$(494)

(a) Includes gains reclassified to other gain on investments, net in our Condensed Consolidated Statement of Comprehensive Income.

(b) Includes amounts reclassified to income tax (benefit) expense from continuing operations in our Condensed Consolidated Statement of Comprehensive Income.

(c) Includes losses reclassified to interest on long-term debt in our Condensed Consolidated Statement of Comprehensive Income.

(d) Includes losses reclassified to compensation and benefits expense in our Condensed Consolidated Statement of Comprehensive Income.

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18. Earnings per Common Share

The following table presents the calculation of basic and diluted earnings per common share.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions except per share data)	2013	2012	2013	2012
Net income from continuing operations	$177	$251	$337	$436
Preferred stock dividends — U.S. Department of Treasury	(134)	(134)	(401)	(401)
Preferred stock dividends	(67)	(67)	(200)	(200)
Net (loss) income from continuing operations attributable to common shareholders	(24)	50	(264)	(165)
(Loss) income from discontinued operations, net of tax	(86)	133	(80)	(640)
Net (loss) income attributable to common shareholders	$(110)	$183	$(344)	$(805)
Basic weighted-average common shares outstanding	1,330,970	1,330,970	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (a)	1,330,970	1,330,970	1,330,970	1,330,970
Basic earnings per common share				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)
Diluted earnings per common share (a)				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)

(a) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net (loss) income from continuing operations attributable to common shareholders for the three months and nine months ended September 30, 2013 and 2012, respectively, net (loss) income from continuing operations attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The effects of converting the outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares are not included in the diluted earnings per share calculation for the three months and nine months ended September 30, 2013 and 2012, respectively, as the effects would be antidilutive for those periods. As such, 574 thousand of potential common shares were excluded from the diluted earnings per share calculation for the three months and nine months ended September 30, 2013 and 2012, respectively.

19. Regulatory Capital and Other Regulatory Matters

As a bank holding company, we and our wholly owned state-chartered banking subsidiary, Ally Bank, are subject to risk-based capital and leverage guidelines issued by federal and state banking regulators that require that our capital-to-assets ratios meet certain minimum standards. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary action by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements or the results of operations and financial condition of Ally and Ally Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we must meet specific capital guidelines that involve quantitative measures of our assets and certain off-balance sheet items. Our capital amounts and classifications are also subject to qualitative judgments by the regulators about components, risk-weightings, and other factors.

The risk-based capital ratios are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories with higher levels of capital being required for the categories that present greater risk. Under the guidelines, total capital is divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital generally consists of common equity, minority interests, qualifying noncumulative preferred stock, and the fixed rate

cumulative preferred stock sold to Treasury under the Troubled Asset Relief Program (TARP), less goodwill and other adjustments. Tier 2 capital generally consists of perpetual preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital.

Total risk-based capital is the sum of Tier 1 and Tier 2 capital. Under the guidelines, banking organizations are required to maintain a minimum Total risk-based capital ratio (Total capital to risk-weighted assets) of 8% and a Tier 1 risk-based capital ratio (Tier 1 capital to risk-weighted assets) of 4%.

The federal banking regulators also have established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 capital divided by adjusted quarterly average total assets (which reflect adjustments for disallowed goodwill and certain intangible assets). The minimum Tier 1 leverage ratio is 3% or 4% depending on factors specified in the regulations.

A banking institution meets the regulatory definition of "well-capitalized" when its Total risk-based capital ratio equals or exceeds 10% and its Tier 1 risk-based capital ratio equals or exceeds 6%; and for insured depository institutions, when its leverage ratio equals or exceeds 5%, unless subject to a regulatory directive to maintain higher capital levels. The banking regulators have also developed a measure of capital called "Tier 1 common" defined as Tier 1 capital less noncommon elements, including qualifying perpetual preferred stock, minority interest in subsidiaries, trust preferred securities, and mandatory convertible preferred securities. Tier 1 common is used by banking regulators, investors and analysts to assess and compare the quality and composition of Ally's capital with the capital of other financial services companies. Also, bank holding companies with assets of $50 billion or more, such as Ally, must develop and maintain a capital plan annually, and among other elements, the capital plan must include a discussion of how we will maintain a pro forma Tier 1 common ratio (Tier 1 common to risk-weighted assets) above 5% under expected conditions and certain stressed scenarios.

On October 29, 2010, Ally, IB Finance Holding Company, LLC, Ally Bank, and the FDIC entered into a Capital and Liquidity Maintenance Agreement (CLMA). The effective date of the CLMA was August 24, 2010. The CLMA requires capital at Ally Bank to be maintained at a level such that Ally Bank's leverage ratio is at least 15%. For this purpose, the leverage ratio is determined in accordance with the FDIC's regulations related to capital maintenance.

The following table summarizes our capital ratios.

($ in millions)	September 30, 2013 Amount	Ratio		December 31, 2012 Amount	Ratio		Required minimum		Well-capitalized minimum	
Risk-based capital										
Tier 1 (to risk-weighted assets)										
Ally Financial Inc.	$19,571	15.37	%	$20,232	13.13	%	4.00	%	6.00	%
Ally Bank	14,926	17.90		14,136	16.26		4.00		6.00	
Total (to risk-weighted assets)										
Ally Financial Inc.	$20,887	16.40	%	$21,669	14.07	%	8.00	%	10.00	%
Ally Bank	15,587	18.69		14,827	17.06		8.00		10.00	
Tier 1 leverage (to adjusted quarterly average assets) (a)										
Ally Financial Inc.	$19,571	13.16	%	$20,232	11.16	%	3.00–4.00%		(b)	
Ally Bank	14,926	16.33		14,136	15.30		15.00	(c)	5.00	%
Tier 1 common (to risk-weighted assets)										
Ally Financial Inc.	$10,087	7.92	%	$10,749	6.98	%	n/a		n/a	
Ally Bank	n/a	n/a		n/a	n/a		n/a		n/a	

n/a = not applicable

(a) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.

(b) There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.

(c) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

At September 30, 2013, Ally and Ally Bank were "well-capitalized" and met all capital requirements to which each was subject.

Basel Capital Accord

In July 2013, the U.S. federal banking agencies finalized rules implementing the Basel III regulatory capital framework and related Dodd-Frank Act changes. The final rules represent substantial revisions to the regulatory capital rules for banking organizations.

Highlights of the final rules include a revised definition of capital in order to implement the Basel III reforms as well as higher minimum capital ratios that will apply to most banking organizations. The final rules remove the use of

credit ratings from both the standardized and advanced approaches, as required by the Dodd-Frank Act. In addition, the standards in the existing Basel I risk-based capital rules, which are referred to as the "general risk-based capital requirements," have been revised to include a more risk sensitive risk-weighting approach. The phase-in period currently applicable to Ally as an advanced approaches banking organization begins in January 2014, while the phase-in period for other banking organizations begins in January 2015.

The final rules also amend the calculation of market risk capital, which only applies to banking organizations with significant trading assets and liabilities. We do not currently meet the minimum requirements for application of the Market Risk Rule; accordingly, this is not currently applicable to us.

Compliance with evolving capital requirements is a strategic priority for Ally. We expect to be in compliance with all applicable requirements within the established timeframes.

20. Derivative Instruments and Hedging Activities

We enter into interest rate and foreign-currency swaps, futures, forwards, options, and swaptions in connection with our market risk management activities. Derivative instruments are used to manage interest rate risk relating to specific groups of assets and liabilities, including automotive loan assets and debt. In addition, we use foreign exchange contracts to mitigate foreign-currency risk associated with foreign-currency-denominated debt, foreign exchange transactions, and our net investment in foreign subsidiaries. Our primary objective for utilizing derivative financial instruments is to manage market risk volatility associated with interest rate and foreign-currency risks related to the assets and liabilities.

Interest Rate Risk

We execute interest rate swaps to modify our exposure to interest rate risk by converting certain fixed-rate instruments to a variable-rate and certain variable-rate instruments to a fixed rate. We monitor our mix of fixed- and variable-rate assets and liabilities. When it is cost-effective to do so, we may enter into interest rate swaps to achieve our desired mix of fixed- and variable-rate assets and debt. Derivatives qualifying for hedge accounting consist of pay-fixed swaps designated as hedges of specific portfolios of fixed-rate retail automotive loan assets, as well as receive-fixed swaps designated as hedges of specific fixed-rate debt obligations. Other derivatives qualifying for hedge accounting consist of pay-fixed swaps designated as hedges of the expected future cash flows in the form of interest payments on certain outstanding variable-rate borrowings associated with Ally Bank's secured debt.

We enter into economic hedges to mitigate exposure for the following categories.

- MSRs — We completed the sale of our agency MSRs during the second quarter of 2013 and no longer hedge this activity. In the past, our MSRs were generally subject to loss in value when mortgage rates declined. Declining mortgage rates generally result in an increase in refinancing activity that increases prepayments and results in a decline in the value of MSRs. To mitigate the impact of this risk, we maintained a portfolio of financial instruments, primarily derivative instruments that increased in value when interest rates declined. The primary objective was to minimize the overall risk of loss in the value of MSRs due to the change in fair value caused by interest rate changes.

A multitude of derivative instruments were used to manage the interest rate risk related to MSRs. They included, but were not limited to, interest rate futures contracts, call or put options on U.S. Treasuries, swaptions, forward sales of mortgage-backed securities (MBS), futures, interest rate swaps, interest rate floors, and interest rate caps.

- Mortgage loan commitments and mortgage loans held-for-sale — We have no mortgage loan commitments as of September 30, 2013 and, therefore, no longer hedge interest rate lock commitments (IRLC). In the past, we were exposed to interest rate risk from the time an IRLC was made until the time the mortgage loan was sold. We have an immaterial amount of mortgage loans held-for-sale that are exposed to interest rate risk. Changes in interest rates impact the market price for our loans; as market interest rates decline, the value of loans held-for-sale increase and vice versa. Our primary objective in risk management activities related to these items is to eliminate or greatly reduce any interest rate risk.

Forward sales of MBS, primarily Fannie Mae or Freddie Mac to-be-announced securities, have been the primary derivative instruments used to accomplish the risk management objective for mortgage loans and IRLCs. The value of the forward sales contracts moves in the opposite direction of the value of the IRLCs and mortgage loans held-for-sale.

- Debt — With the exception of a portion of our fixed-rate debt and a portion of our outstanding floating-rate borrowings associated with Ally Bank's secured credit facilities, we do not apply hedge accounting to our derivative portfolio held to mitigate interest rate risk associated with our debt portfolio. Typically, the significant terms of the interest rate swaps match the significant terms of the underlying debt resulting in an effective conversion of the rate of the related debt.
- Net fixed versus variable interest rate exposure and equity investments — We enter into futures, options, and swaptions to economically hedge our net fixed versus variable interest rate exposure. The primary derivative instruments used to hedge the interest rate exposure of our fixed-rate automotive loans are short-dated, exchange-traded Eurodollar

futures. We also enter into equity options to economically hedge our exposure to the equity markets.

Foreign Exchange Risk

We enter into derivative financial instrument contracts to mitigate the risk associated with variability in cash flows related to foreign-currency financial instruments. Currency forwards and cross currency swaps are used to economically hedge foreign exchange exposure on foreign-currency-denominated debt by converting the funding currency to the same currency of the assets being financed. Similar to our interest rate derivatives, the derivatives are generally entered into or traded concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt.

We have reduced our foreign exchange exposure to net investments in foreign operations through the sales of discontinued international businesses, refer to Note 2 for further details on these sales. We enter into foreign-currency forwards and option-based contracts with external counterparties to hedge foreign exchange exposure on our net investments. Our remaining foreign subsidiaries maintain both assets and liabilities in local currencies; these local currencies are generally the subsidiaries' functional currencies for accounting purposes. Foreign-currency exchange-rate gains and losses arise when the assets or liabilities of our subsidiaries are denominated in currencies that differ from its functional currency. In addition, our equity is impacted by the cumulative translation adjustments resulting from the translation of foreign

subsidiary results; this impact is reflected in our accumulated other comprehensive income (loss). The hedges are recorded at fair value with the changes recorded to accumulated other comprehensive income (loss) including the spot to forward difference. The net derivative gain or loss remains in accumulated other comprehensive income (loss) until earnings are impacted by the sale or the liquidation of the associated foreign operation.

We have also used a centralized-lending program to manage liquidity for our subsidiary businesses, but as of September 30, 2013, this activity is immaterial. Historically, foreign-currency-denominated loan agreements were executed with our foreign subsidiaries in their local currencies. We evaluate our foreign-currency exposure resulting from intercompany lending and manage our currency risk exposure by entering into foreign-currency derivatives with external counterparties. Our remaining foreign-currency derivatives are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

Except for our remaining net investment hedges, we generally have not elected to treat any foreign-currency derivatives as hedges for accounting purposes principally because the changes in the fair values of the foreign-currency swaps are substantially offset by the foreign-currency revaluation gains and losses of the underlying assets and liabilities.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk if counterparties are unable to meet the terms of the agreements. Credit risk associated with derivative financial instruments is measured as the net replacement cost should the counterparties that owe us under the contract completely fail to perform under the terms of those contracts, assuming no recoveries of underlying collateral as measured by the market value of the derivative financial instrument.

To mitigate the risk of counterparty default, we maintain collateral agreements with certain counterparties. The agreements require both parties to maintain collateral in the event the fair values of the derivative financial instruments meet established thresholds. In the event that either party defaults on the obligation, the secured party may seize the collateral. Generally, our collateral arrangements are bilateral such that we and the counterparty post collateral for the value of our total obligation to each other. Contractual terms provide for standard and customary exchange of collateral based on changes in the market value of the outstanding derivatives. The securing party posts additional collateral when their obligation rises or removes collateral when it falls. We also have unilateral collateral agreements whereby we are the only entity required to post collateral.

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event. If a credit risk-related event had been triggered the amount of additional collateral required to be posted by us would have been insignificant.

We placed cash and securities collateral totaling $222 million and $1.3 billion at September 30, 2013 and December 31, 2012, respectively, in accounts maintained by counterparties, $18 million of which relates to non-derivative collateral at September 30, 2013 and December 31, 2012. We received cash collateral from counterparties totaling $125 million and $941 million at September 30, 2013 and December 31, 2012, respectively. The receivables for collateral placed and the payables for collateral received are included on our Condensed Consolidated Balance Sheet in other assets and accrued expenses and other liabilities, respectively. In certain circumstances, we receive or post securities as collateral with counterparties. We do not record such collateral received on our Condensed Consolidated Balance Sheet unless certain conditions are met.

Balance Sheet Presentation

The following table summarizes the fair value amounts of derivative instruments reported on our Condensed Consolidated Balance Sheet. The fair value amounts are presented on a gross basis, are segregated by derivatives that are designated and qualifying as hedging instruments or those that are not, and are further segregated by type of contract within those two categories. At September 30, 2013 and December 31, 2012, $300 million and $2.3 billion, respectively, of the derivative contracts in a receivable position were classified as other assets on the Condensed Consolidated Balance Sheet. At September 30, 2013 and December 31, 2012, $228 million and $2.5 billion of derivative contracts in a liability position were classified as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet.

	September 30, 2013			December 31, 2012		
	Derivative contracts in a			Derivative contracts in a		
($ in millions)	receivable position (a)	payable position (b)	Notional amount	receivable position (a)	payable position (b)	Notional amount
Derivatives qualifying for hedge accounting						
Interest rate risk						
Fair value accounting hedges (c)	$144	$102	$12,864	$411	$—	$7,248
Cash flow accounting hedges	—	1	698	—	10	2,580
Total interest rate risk	144	103	13,562	411	10	9,828
Foreign exchange risk						
Net investment accounting hedges	—	47	1,507	35	53	8,693
Total derivatives qualifying for hedge accounting	144	150	15,069	446	63	18,521
Derivatives intended as economic hedges						
Interest rate risk						
MSRs	—	—	—	1,616	2,299	146,405
Mortgage loan commitments and mortgage loans held-for-sale	—	—	—	49	23	9,617
Debt	36	32	10,713	28	29	17,716
Net fixed versus variable interest rate exposure and equity investments (d)	63	45	44,106	154	27	41,514
Total interest rate risk	99	77	54,819	1,847	2,378	215,252
Foreign exchange risk	57	1	1,510	5	27	2,464
Total economic hedges	156	78	56,329	1,852	2,405	217,716
Total derivatives	$300	$228	$71,398	$2,298	$2,468	$236,237

(a) Includes accrued interest of $74 million and $175 million at September 30, 2013 and December 31, 2012, respectively.

(b) Includes accrued interest of $4 million and $144 million at September 30, 2013 and December 31, 2012, respectively.

(c) Includes receive-fixed swaps on fixed-rate debt obligations with $144 million and $411 million in a receivable position, $98 million and $0 in a payable position, and of a $9 billion and $7.2 billion notional amount at September 30, 2013 and December 31, 2012, respectively. Also includes pay-fixed swaps on portfolios of held-for-investment automotive loan assets with $0 in a receivable position, $4 million in a payable position, and of a $3.9 billion notional amount at September 30, 2013. There were no outstanding positions at December 31, 2012.

(d) Primarily consists of exchange-traded Eurodollar futures with $17 million and $32 million in a receivable position, $3 million and $5 million in a payable position, and of a $34.1 billion and $24.2 billion notional amount at

September 30, 2013 and December 31, 2012, respectively. Also includes equity options with $4 million and $1 million in a receivable position, $5 million and $8 million in a payable position, and of a $567 million and $554 million notional amount at September 30, 2013 and December 31, 2012, respectively.

Statement of Comprehensive Income Presentation

The following table summarizes the location and amounts of gains and losses on derivative instruments reported in our Condensed Consolidated Statement of Comprehensive Income.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Derivatives qualifying for hedge accounting				
Gain (loss) recognized in earnings on derivatives				
Interest rate contracts				
Interest and fees on finance receivables and loans (a)	$3	$—	$3	$—
Interest on long-term debt (b)	11	17	(302)	216
(Loss) gain recognized in earnings on hedged items (c)				
Interest rate contracts				
Interest and fees on finance receivables and loans	(3)	—	(3)	—
Interest on long-term debt	(15)	(33)	311	(241)
Total derivatives qualifying for hedge accounting	(4)	(16)	9	(25)
Economic derivatives				
Gain (loss) recognized in earnings on derivatives				
Interest rate contracts				
Servicing asset valuation and hedge activities, net	—	387	(112)	612
Gain (loss) on mortgage and automotive loans, net	—	28	(37)	52
Other income, net of losses	20	(4)	26	(31)
Total interest rate contracts	20	411	(123)	633
Foreign exchange contracts (d)				
Interest on long-term debt	52	(38)	71	(39)
Other income, net of losses	(4)	(52)	25	(27)
Total foreign exchange contracts	48	(90)	96	(66)
Gain (loss) recognized in earnings on derivatives	$64	$305	$(18)	$542

(a) Amounts exclude losses related to interest for qualifying accounting hedges of portfolios of retail automotive loans held-for-investment of $1 million for both the three months and nine months ended September 30, 2013. These losses are primarily offset by the fixed coupon receipts on the retail automotive loans held-for-investment.

(b) Amounts exclude gains related to interest for qualifying accounting hedges of debt, which are primarily offset by the fixed coupon payment on the long-term debt. The gains were $33 million and $29 million for the three months ended September 30, 2013 and 2012, respectively, and $94 million and $85 million for the nine months ended September 30, 2013 and 2012, respectively.

(c) Amounts exclude gains related to amortization of deferred basis adjustments on the de-designated hedged item of $112 million and $57 million for the three months ended September 30, 2013 and 2012, respectively, and $188 million and $176 million for the nine months ended September 30, 2013 and 2012, respectively.

(d) Amounts exclude gains and losses related to the revaluation of the related foreign-denominated debt or receivable. Losses of $47 million and gains of $92 million were recognized for the three months ended September 30, 2013 and 2012, respectively. Losses of $94 million and gains of $67 million were recognized for the nine months ended September 30, 2013 and 2012, respectively.

The following table summarizes derivative instruments used in cash flow and net investment hedge accounting relationships.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Cash flow hedges				
Interest rate contracts				
Gain (loss) reclassified from accumulated other comprehensive income to interest on long-term debt (a)	$—	$1	$(7)	$1
Loss recorded directly to interest on long-term debt	—	(1)	1	(6)
Total interest on long-term debt	$—	$—	$(6)	$(5)
(Loss) gain recognized in other comprehensive income	$(4)	$(6)	$6	$(8)
Net investment hedges				
Foreign exchange contracts				
Loss reclassified from accumulated other comprehensive income (loss) to income (loss) from discontinued operations, net	$—	$—	$(261)	$(1)
Total other income, net of losses	$—	$—	$(261)	$(1)
(Loss) gain recognized in other comprehensive income (b)	$(14)	$(327)	$313	$(281)

(a) The amount represents losses reclassified from other comprehensive income (OCI) into earnings as a result of the discontinuance of hedge accounting because it is probable that the forecasted transaction will not occur.

(b) The amounts represent the effective portion of net investment hedges. There are offsetting amounts recognized in accumulated other comprehensive income related to the revaluation of the related net investment in foreign operations. There were gains of $9 million and $317 million for the three months ended September 30, 2013 and 2012, respectively. There were losses of $530 million and gains of $269 million for the nine months ended September 30, 2013 and 2012, respectively.

21. Income Taxes

We recognized total income tax expense from continuing operations of $28 million and an income tax benefit from continuing operations of $55 million during the three months and nine months ended September 30, 2013, respectively, compared to income tax expense of $46 million and $31 million for the same periods in 2012. The decrease in income tax expense for the nine months ended September 30, 2013, compared to the same period in 2012, was primarily related to the benefit in 2013 from the retroactive reinstatement of the active financing exception by the American Taxpayer Relief Act of 2012 and from the release of valuation allowance related to the measurement of foreign tax credit carryforwards anticipated to be utilized in the future.

As of each reporting date, we consider both positive and negative evidence that could impact our view with regard to future realization of deferred tax assets. We continue to believe it is more likely than not that the benefit for certain state net operating loss, capital loss, and foreign tax credit carryforwards will not be realized. In recognition of this risk, we continue to provide a partial valuation allowance on the deferred tax assets relating to these carryforwards. During the three months ended September 30, 2013, no significant transactions occurred that served to reduce the deferred tax asset related to our capital loss carryforwards. For the nine months ended September 30, 2013, net capital gains from completed sales of our international operations served to reduce the deferred tax asset related to our capital loss carryforwards by approximately $298 million. This capital loss carryforward utilization resulted in a reversal of related valuation allowance. Furthermore, successful completion during 2013 or 2014 of additional sales of entities currently held-for-sale may result in additional capital gains that would allow us to realize additional capital loss carryforwards. Any related reversal of valuation allowance on these deferred tax assets would be recognized as an income tax benefit upon such utilization.

We expect the unrecognized tax benefits disclosed in our 2012 Annual Report to change over the next 12 months if certain tax matters are ultimately settled with the applicable taxing jurisdiction as anticipated. The impact of these changes to previously recorded uncertain tax positions is expected to result in a tax benefit of approximately $66 million.

22. Fair Value

Fair Value Measurements

For purposes of this disclosure, fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between market participants at the measurement date. Fair value is based on the assumptions market participants would use when pricing an asset or liability. Additionally, entities are required to consider all aspects of nonperformance risk, including the entity's own credit standing, when measuring the fair value of a liability.

GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e.,

unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Additionally, the entity must have the ability to access the active market and the quoted prices cannot be adjusted by the entity.
Level 2	Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best assumptions of how market participants would price the assets or liabilities. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.
Transfers	Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfer occurred. There were no transfers between any levels during the nine months ended September 30, 2013.

Following are descriptions of the valuation methodologies used to measure material assets and liabilities at fair value and details of the valuation models, key inputs to those models, and significant assumptions utilized.

- Available-for-sale securities — Available-for-sale securities are carried at fair value based on observable market prices, when available. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).
- Mortgage loans held-for-sale, net — Our mortgage loans held-for-sale are accounted for at fair value because of fair value option elections. Mortgage loans held-for-sale are typically pooled together and sold into certain exit markets depending on underlying attributes of the loan, such as GSE eligibility, product type, interest rate, and credit quality. Mortgage loans classified as Level 2 were mainly GSE-eligible mortgage loans carried at fair value due to fair value option election, which are valued predominantly using published forward agency prices. It also includes any domestic loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value) or quoted market prices for similar loans are available.

Refer to the section within this note titled Fair Value Option for Financial Assets for further information about the fair value elections.

- MSRs — MSRs were classified as Level 3, management estimated fair value using our transaction data and other market data or, in periods when there were limited MSRs market transactions that were directly observable, internally developed discounted cash flow models (an income approach) were used to estimate the fair value. These internal valuation models estimated net cash flows based on internal operating assumptions that we believed would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believed approximate yields required by investors in this asset. Cash flows primarily included servicing fees, float income, and late fees in each case less operating costs to service the loans. The estimated cash flows were discounted using an option-adjusted spread-derived discount rate.
- Interests retained in financial asset sales — The interests retained are in securitization trusts and deferred purchase prices on the sale of whole-loans. Due to inactivity in the market, valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate; therefore, we classified these assets as

Level 3. The valuation considers recent market transactions, experience with similar assets, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilize various significant assumptions, including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses).

- Derivative instruments — We enter into a variety of derivative financial instruments as part of our risk management strategies. Certain of these derivatives are exchange traded, such as Eurodollar futures. To determine the fair value of these instruments, we utilize the quoted market prices for the particular derivative contracts; therefore, we classified these contracts as Level 1.

We also execute over-the-counter derivative contracts, such as interest rate swaps, swaptions, forwards, caps, floors, and agency to-be-announced securities. We utilize third-party-developed valuation models that are widely accepted in the market to value these over-the-counter derivative contracts. The specific terms of the contract and market observable inputs (such as interest rate forward curves and interpolated volatility assumptions) are used in the model. We classified these over-the-counter derivative contracts as Level 2 because all significant inputs into these models were market observable.

We had interest rate lock commitments accounted for as derivative instruments at Ally Bank that were classified as Level 3. We have also historically held certain derivative contracts that are structured specifically to meet a particular hedging objective. These

derivative contracts often were utilized to hedge risks inherent within certain on-balance sheet securitizations. To hedge risks on particular bond classes or securitization collateral, the derivative's notional amount was often indexed to the hedged item. As a result, we typically were required to use internally developed prepayment assumptions as an input into the model to forecast future notional amounts on these structured derivative contracts. Accordingly, we classified these derivative contracts as Level 3. However, as of the quarter ended March 31, 2013, we no longer hold such positions within continuing operations due to the sales of our international automotive finance businesses.

We are required to consider all aspects of nonperformance risk, including our own credit standing, when measuring fair value of a liability. We reduce credit risk on the majority of our derivatives by entering into legally enforceable agreements that enable the posting and receiving of collateral associated with the fair value of our derivative positions on an ongoing basis. In the event that we do not enter into legally enforceable agreements that enable the posting and receiving of collateral, we will consider our credit risk and the credit risk of our counterparties in the valuation of derivative instruments through a credit valuation adjustment (CVA), if warranted. The CVA calculation utilizes our credit default swap spreads and the spreads of the counterparty.

Recurring Fair Value

The following tables display the assets and liabilities measured at fair value on a recurring basis including financial instruments elected for the fair value option. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The tables below display the hedges separately from the hedged items; therefore, they do not directly display the impact of our risk management activities.

	Recurring fair value measurements			
September 30, 2013 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$893	$1,129	$—	$2,022
U.S. State and political subdivisions	—	179	—	179
Foreign government	5	295	—	300
Mortgage-backed residential	—	11,206	—	11,206
Mortgage-backed commercial	—	20	—	20
Asset-backed	—	2,265	—	2,265
Corporate debt securities	—	1,058	—	1,058
Total debt securities	898	16,152	—	17,050
Equity securities (a)	917	—	—	917
Total available-for-sale securities	1,815	16,152	—	17,967
Mortgage loans held-for-sale, net (b)	—	63	—	63
Mortgage servicing rights	—	—	—	—
Other assets				
Interests retained in financial asset sales	—	—	121	121
Derivative contracts in a receivable position				
Interest rate	61	182	—	243
Foreign currency	—	—	57	57
Total derivative contracts in a receivable position	61	182	57	300
Collateral placed with counterparties	—	74	—	74
Total assets	$1,876	$16,471	$178	$18,525
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	$(21)	$(159)	$—	$(180)
Foreign currency	—	(48)	—	(48)
Total derivative contracts in a payable position	(21)	(207)	—	(228)
Total liabilities	$(21)	$(207)	$—	$(228)

(a) Our investment in any one industry did not exceed 20%.
(b) Carried at fair value due to fair value option elections.

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	Recurring fair value measurements			
December 31, 2012 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$697	$1,517	$—	$2,214
Foreign government	3	300	—	303
Mortgage-backed residential	—	6,906	—	6,906
Asset-backed	—	2,340	—	2,340
Corporate debt securities	—	1,263	—	1,263
Total debt securities	700	12,326	—	13,026
Equity securities (a)	1,152	—	—	1,152
Total available-for-sale securities	1,852	12,326	—	14,178
Mortgage loans held-for-sale, net (b)	—	2,490	—	2,490
Mortgage servicing rights	—	—	952	952
Other assets				
Interests retained in financial asset sales	—	—	154	154
Derivative contracts in a receivable position (c)				
Interest rate	40	2,170	48	2,258
Foreign currency	—	40	—	40
Total derivative contracts in a receivable position	40	2,210	48	2,298
Collateral placed with counterparties (d)	103	99	—	202
Total assets	$1,995	$17,125	$1,154	$20,274
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position (c)				
Interest rate	$(13)	$(2,374)	$(1)	$(2,388)
Foreign currency	—	(78)	(2)	(80)
Total derivative contracts in a payable position	(13)	(2,452)	(3)	(2,468)
Total liabilities	$(13)	$(2,452)	$(3)	$(2,468)

(a) Our investment in any one industry did not exceed 21%.
(b) Carried at fair value due to fair value option elections.
(c) Includes derivatives classified as trading.
(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

The following table presents quantitative information regarding the significant unobservable inputs used in significant Level 3 assets and liabilities measured at fair value on a recurring basis.

September 30, 2013 ($ in millions)	Level 3 recurring measurements	Valuation technique	Unobservable input	Range
Assets				
Other assets				
Interests retained in financial asset sales	$ 121	Discounted cash flow	Discount rate	5.3-5.4%
			Commercial paper rate	0-0.1%

The following tables present the reconciliation for all Level 3 assets and liabilities measured at fair value on a recurring basis. We often economically hedge the fair value change of our assets or liabilities with derivatives and other financial instruments. The Level 3 items presented below may be hedged by derivatives and other financial instruments that are classified as Level 1 or Level 2. Thus, the following tables do not fully reflect the impact of our risk management activities.

	Level 3 recurring fair value measurements								
		Net realized/unrealized gains							
($ in millions)	Fair value at July 1, 2013	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2013	Net unrealized gains included in earnings still held at September 30, 2013
Assets									
Other assets									
Interests retained in financial asset sales	$124	$8 (a)	$—	$—	$—	$—	$(11)	$121	$—
Derivative contracts, net									
Foreign currency	(9)	47 (b)	—	—	—	—	19	57	47 (b)
Total derivative contracts in a receivable position, net	(9)	47	—	—	—	—	19	57	47
Total assets	$115	$55	$—	$—	$—	$—	$8	$178	$47

(a) Reported as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income.
(b) Refer to Note 20 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Comprehensive Income.

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Notes to Condensed Consolidated Financial Statements (unaudited)
Ally Financial Inc. • Form 10-Q

($ in millions)	Level 3 recurring fair value measurements: Fair value at July 1, 2012	Net realized/unrealized gains (losses): included in earnings		Net realized/unrealized gains (losses): included in OCI	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2012	Net unrealized (losses) gains included in earnings still held at September 30, 2012	
Assets											
Investment securities											
Available-for-sale debt securities											
Asset-backed	$63	$4	(a)	$1	$—	$(11)	$—	$—	$57	$—	
Mortgage servicing rights	1,105	(253)	(b)	—	—	—	50	—	902	(253)	(b)
Other assets											
Interests retained in financial asset sales	193	11	(c)	—	—	—	—	(39)	165	—	
Derivative contracts, net (g)											
Interest rate	93	53	(d)	—	—	—	—	(2)	144	16	(d)
Foreign currency	7	(27)	(d)	—	—	—	—	—	(20)	(27)	(d)
Total derivative contracts in a receivable position, net	100	26		—	—	—	—	(2)	124	(11)	
Total assets	$1,461	$(212)		$1	$—	$(11)	$50	$(41)	$1,248	$(264)	

(a) The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest and dividends on available-for-sale investment securities in the Condensed Consolidated Statement of Comprehensive Income.

(b) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, and income from discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income.

(c) Reported as other income, net of losses, and income from discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income.

(d) Refer to Note 20 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Comprehensive Income.

($ in millions)	Level 3 recurring fair value measurements: Fair value at Jan. 1, 2013	Net realized/unrealized (losses) gains: included in earnings	Net realized/unrealized (losses) gains: included in OCI	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2013	Net unrealized (losses) gains included in earnings still held at September

									30, 2013	
Assets										
Mortgage servicing rights	$952	$(101)	(a)	$—	$—	$(911)	$60	$—	$—	$—	
Other assets										
Interests retained in financial asset sales	154	19	(b)	—	—	—	—	(52)	121	—	
Derivative contracts, net										
Interest rate	47	(51)	(c)	—	—	—	—	4	—	—	(c)
Foreign currency	(2)	40	(c)	—	—	—	—	19	57	38	(c)
Total derivative contracts in a receivable position, net	45	(11)		—	—	—	—	23	57	38	
Total assets	$1,151	$(93)		$—	$—	$(911)	$60	$(29)	$178	$38	

(a) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, in the Condensed Consolidated Statement of Comprehensive Income.

(b) Reported as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income.

(c) Refer to Note 20 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Comprehensive Income.

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	Level 3 recurring fair value measurements									
		Net realized/unrealized gains (losses)								
($ in millions)	Fair value at Jan. 1, 2012	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out due to deconsolidation (a)	Fair value at September 30, 2012	Net unrealized gains (losses) included in earnings still held at September 30, 2012
Assets										
Trading assets (excluding derivatives)										
Mortgage-backed residential securities	$33	$2 (b)	$—	$—	$—	$—	$(4)	$(31)	$—	$4 (b)
Investment securities										
Available-for-sale debt securities										
Asset-backed	62	4	2	—	(11)	—	—	—	57	—
Mortgage loans held-for-sale, net (c)	30	—	—	12	—	—	(11)	(31)	—	—
Consumer mortgage finance receivables and loans, net (c)	835	121 (c)	—	—	(245) (d)	—	(124)	(587)	—	51 (c)
Mortgage servicing rights	2,519	(654) (e)	—	—	—	167	—	(1,130)	902	(654) (e)
Other assets										
Interests retained in financial asset sales	231	38 (f)	—	—	—	—	(104)	—	165	—
Derivative contracts, net (g)										
Interest rate	71	326 (h)	—	—	—	—	(252)	(1)	144	10 (h)
Foreign currency	16	(36) (h)	—	—	—	—	—	—	(20)	(49) (h)
Total derivative contracts in a receivable position, net	87	290	—	—	—	—	(252)	(1)	124	(39)
Total assets	$3,797	$(199)	$2	$12	$(256)	$167	$(495)	$(1,780)	$1,248	$(638)

Liabilities										
Long-term debt										
On-balance sheet securitization debt (c)	$(830)	$(115) (c)	$—	$—	$—	$—	$ 389	$ 556	$—	$(62) (c)
Accrued expenses and other liabilities										
Loan repurchase liabilities (c)	(29)	—	—	(11)	—	—	10	30	—	—
Total liabilities	$(859)	$(115)	$—	$(11)	$—	$—	$ 399	$ 586	$—	$(62)

(a) Represents the amounts transferred out of Level 3 due to the deconsolidation of ResCap during the three months ended June 30, 2012. Refer to Note 1 for additional information related to ResCap.

(b) The fair value adjustment and the related interest were reported as income from discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income.

(c) Carried at fair value due to fair value option elections. Refer to the next section of this note titled Fair Value Option for Financial Assets and Liabilities for the location of the gains and losses in the Condensed Consolidated Statement of Comprehensive Income.

(d) Represents the sale of consumer mortgage finance receivable and loans sold as part of the sale of a business line during 2012.

(e) Fair value adjustment was reported as servicing-asset valuation and hedge activities, net, and income from discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income.

(f) Reported as other income, net of losses, and income from discontinued operations, net of tax, in the Condensed Consolidated Statement of Comprehensive Income.

(g) Includes derivatives classified as trading.

(h) Refer to Note 20 for information related to the location of the gains and losses on derivative instruments in the Condensed Consolidated Statement of Comprehensive Income.

Nonrecurring Fair Value

We may be required to measure certain assets and liabilities at fair value from time to time. These periodic fair value measures typically result from the application of lower-of-cost or fair value accounting or certain impairment measures. These items would constitute nonrecurring fair value measures.

The following tables display the assets and liabilities measured at fair value on a nonrecurring basis.

September 30, 2013 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the three months ended	Total loss included in earnings for the nine months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Loans held-for-sale	$—	$—	$19	$19	$ —	n/m (a)	n/m (a) (a)
Commercial finance receivables and loans, net (b)							
Automotive	—	—	95	95	(17)	n/m (a)	n/m (a)
Other	—	—	63	63	(11)	n/m (a)	n/m (a)
Total commercial finance receivables and loans, net	—	—	158	158	(28)	n/m (a)	n/m (a)
Other assets							
Repossessed and foreclosed assets (c)	—	—	7	7	(2)	n/m (a)	n/m (a)
Other	—	—	2	2	—	n/m (a)	n/m (a)
Total assets	$—	$—	$186	$186	$ (30)	n/m (a)	n/m

n/m = not meaningful

(a) We consider the applicable valuation or loan loss allowance to be the most relevant indicator of the impact on earnings caused by the fair value measurement. Accordingly, the table above excludes total gains and losses included in earnings for these items. The carrying values are inclusive of the respective valuation or loan loss allowance.

(b) Represents the portion of the portfolio specifically impaired during 2013. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

(c) The allowance provided for repossessed and foreclosed assets represents any cumulative valuation adjustment recognized to adjust the assets to fair value.

September 30, 2012 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the three months ended	Total loss included in earnings for the nine months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Commercial finance receivables and loans, net (a)							
Automotive	$—	$—	$172	$172	$ (31)	n/m (b)	n/m (b)
Other	—	—	26	26	(7)	n/m (b)	n/m (b)
Total commercial finance receivables and loans, net	—	—	198	198	(38)	n/m (b)	n/m (b)
Other assets							
Repossessed and foreclosed assets (c)	—	—	7	7			