Ally Financial Inc.
Form 10-Q
May 01, 2015
Table of Contents

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 March 31, 2015, 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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes þ No ¨

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

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 April 30, 2015, the number of shares outstanding of the Registrant's common stock was 481,504,999 shares.

Table of Contents
INDEX
Ally Financial Inc. Form 10-Q

		Page
Part I — Financial Information		
Item 1.	Financial Statements	3
	Condensed Consolidated Statement of Comprehensive Income (unaudited) for the Three Months Ended March 31, 2015 and 2014	3
	Condensed Consolidated Balance Sheet (unaudited) at March 31, 2015 and December 31, 2014	5
	Condensed Consolidated Statement of Changes in Equity (unaudited) for the Three Months Ended March 31, 2015 and 2014	7
	Condensed Consolidated Statement of Cash Flows (unaudited) for the Three Months Ended March 31, 2015 and 2014	8
	Notes to Condensed Consolidated Financial Statements (unaudited)	10
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	56
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	90
Item 4.	Controls and Procedures	91
Part II — Other Information		92
Item 1.	Legal Proceedings	92
Item 1A.	Risk Factors	92
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	92
Item 3.	Defaults Upon Senior Securities	92
Item 4.	Mine Safety Disclosures	92
Item 5.	Other Information	92
Item 6.	Exhibits	92
Signatures		93
Index of Exhibits		94

Table of Contents PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

Condensed Consolidated Statement of Comprehensive Income (unaudited)

Ally Financial Inc. • Form 10-Q

	Three months ended March 31,	
($ in millions)	2015	2014
Financing revenue and other interest income		
Interest and fees on finance receivables and loans	$1,074	$1,107
Interest on loans held-for-sale	24	—
Interest and dividends on available-for-sale investment securities	88	95
Interest-bearing cash	2	3
Operating leases	896	870
Total financing revenue and other interest income	2,084	2,075
Interest expense		
Interest on deposits	172	163
Interest on short-term borrowings	11	15
Interest on long-term debt	429	534
Total interest expense	612	712
Depreciation expense on operating lease assets	622	542
Net financing revenue	850	821
Other revenue		
Servicing fees	10	9
Insurance premiums and service revenue earned	233	241
Gain on mortgage and automotive loans, net	46	—
Loss on extinguishment of debt	(198)	(39)
Other gain on investments, net	55	43
Other income, net of losses	97	67
Total other revenue	243	321
Total net revenue	1,093	1,142
Provision for loan losses	116	137
Noninterest expense		
Compensation and benefits expense	255	254
Insurance losses and loss adjustment expenses	56	68
Other operating expenses	384	391
Total noninterest expense	695	713
Income from continuing operations before income tax expense	282	292
Income tax expense from continuing operations	103	94
Net income from continuing operations	179	198
Income from discontinued operations, net of tax	397	29
Net income	576	227
Other comprehensive income, net of tax	31	92
Comprehensive income	$607	$319

Statement continues on the next page.

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

Table of Contents

	Three months ended March 31,	
(in dollars) (a)	2015	2014
Basic earnings per common share		
Net income from continuing operations	$0.23	$0.27
Income from discontinued operations, net of tax	0.82	0.06
Net income	$1.06	$0.33
Diluted earnings per common share		
Net income from continuing operations	$0.23	$0.27
Income from discontinued operations, net of tax	0.82	0.06
Net income	$1.06	$0.33

(a) Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated based on unrounded numbers.

Refer to Note 18 for additional earnings per share information. The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

Table of Contents

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

($ in millions, except share data)	March 31, 2015	December 31, 2014
Assets		
Cash and cash equivalents		
Noninterest-bearing	$1,552	$1,348
Interest-bearing	6,084	4,228
Total cash and cash equivalents	7,636	5,576
Federal funds sold and securities purchased under resale agreements	50	—
Investment securities	17,829	16,137
Loans held-for-sale, net of unearned income	1,559	2,003
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income	99,857	99,948
Allowance for loan losses	(933)	(977)
Total finance receivables and loans, net	98,924	98,971
Investment in operating leases, net	19,021	19,510
Premiums receivable and other insurance assets	1,722	1,695
Other assets	6,783	7,302
Assets of operations held-for-sale	—	634
Total assets	$153,524	$151,828
Liabilities		
Deposit liabilities		
Noninterest-bearing	$79	$64
Interest-bearing	60,796	58,158
Total deposit liabilities	60,875	58,222
Short-term borrowings	6,447	7,062
Long-term debt	65,760	66,558
Interest payable	440	477
Unearned insurance premiums and service revenue	2,374	2,375
Accrued expenses and other liabilities	1,694	1,735
Total liabilities	137,590	136,429
Contingencies (refer to Note 26)		
Equity		
Common stock and paid-in capital ($0.01 par value, shares authorized 1,100,000,000; issued 482,295,207 and 480,136,039; and outstanding 481,503,108 and 480,094,891)	21,048	21,038
Preferred stock	1,255	1,255
Accumulated deficit	(6,319)	(6,828)
Accumulated other comprehensive loss	(35)	(66)
Treasury stock, at cost (792,099 shares)	(15)	—
Total equity	15,934	15,399
Total liabilities and equity	$153,524	$151,828

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

Table of Contents
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)	March 31, 2015	December 31, 2014
Assets		
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income	$28,030	$ 30,081
Allowance for loan losses	(175)	(179)
Total finance receivables and loans, net	27,855	29,902
Investment in operating leases, net	7,524	5,595
Other assets	2,046	2,010
Total assets	$37,425	$ 37,507
Liabilities		
Long-term debt	$23,843	$ 24,343
Accrued expenses and other liabilities	18	173
Total liabilities	$23,861	$ 24,516

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

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

($ in millions)	Common stock and paid-in capital	Preferred stock	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock	Total equity
Balance at January 1, 2014	$20,939	$1,255	$(7,710)	$(276)	$—	$14,208
Net income			227			227
Preferred stock dividends			(68)			(68)
Other comprehensive income				92		92
Balance at March 31, 2014	$20,939	$1,255	$(7,551)	$(184)	$—	$14,459
Balance at January 1, 2015	$21,038	$1,255	$(6,828)	$(66)	$—	$15,399
Net income			576			576
Preferred stock dividends			(67)			(67)
Share-based compensation	10					10
Other comprehensive income				31		31
Share repurchases related to employee stock-based compensation awards					(15)	(15)
Balance at March 31, 2015	$21,048	$1,255	$(6,319)	$(35)	$(15)	$15,934

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

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

Three months ended March 31, ($ in millions)	2015	2014
Operating activities		
Net income	$576	$227
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	759	738
Provision for loan losses	116	137
Gain on mortgage and automotive loans, net	(46)	—
Other gain on investments, net	(55)	(43)
Loss on extinguishment of debt	198	39
Originations and purchases of loans held-for-sale	(1,241)	—
Proceeds from sales and repayments of loans originated as held-for-sale	125	13
Impairment and settlement related to Residential Capital, LLC	—	(26)
Gain on sale of subsidiaries, net	(452)	—
Net change in		
Deferred income taxes	165	68
Interest payable	(37)	5
Other assets	396	191
Other liabilities	(92)	(368)
Other, net	(165)	(49)
Net cash provided by operating activities	247	932
Investing activities		
Net change in federal funds sold and securities purchased under resale agreements	(50)	—
Purchases of available-for-sale securities	(4,023)	(907)
Proceeds from sales of available-for-sale securities	1,523	1,354
Proceeds from maturities and repayment of available-for-sale securities	914	592
Net (increase) decrease in finance receivables and loans	(45)	492
Proceeds from sales of finance receivables and loans	1,577	—
Purchases of operating lease assets	(1,447)	(2,360)
Disposals of operating lease assets	1,337	1,285
Proceeds from sale of business units, net (a)	1,049	—
Net change in restricted cash	(121)	1,580
Other, net	91	111
Net cash provided by investing activities	805	2,147

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

Three months ended March 31, ($ in millions)	2015	2014
Financing activities		
Net change in short-term borrowings	(618)	(3,384)
Net increase in deposits	2,652	2,017
Proceeds from issuance of long-term debt	8,820	9,402
Repayments of long-term debt	(9,778)	(10,683)
Dividends paid	(67)	(68)
Net cash provided by (used in) financing activities	1,009	(2,716)
Effect of exchange-rate changes on cash and cash equivalents	(1)	(1)
Net increase in cash and cash equivalents	2,060	362
Cash and cash equivalents at beginning of year	5,576	5,531
Cash and cash equivalents at March 31,	$7,636	$5,893
Supplemental disclosures		
Cash paid for		
Interest	$641	$664
Income taxes	95	(6)
Noncash items		
Finance receivables and loans transferred to loans held-for-sale	69	40
Other disclosures		
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	43	7

(a) 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.

Table of Contents

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

Ally Financial Inc. (referred to herein as Ally, we, our, or us) is a leading, independent, diversified financial services firm. Founded in 1919, we are a leading financial services company with more than 95 years of experience providing a broad array of financial products and services, primarily to automotive dealers and retail customers. We operate as a financial holding company (FHC) and a bank holding company (BHC). 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 and disclosure of contingent assets and liabilities at the date of the financial statements and that affect income and expenses during the reporting period and related disclosures. 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 March 31, 2015, and for the three months ended March 31, 2015, and 2014, 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, 2014, as filed on February 27, 2015, with the U.S. Securities and Exchange Commission (SEC).

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. This method differs from that described in Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K, which describes our annual significant income tax accounting policy and related methodology.

Refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K regarding additional significant accounting policies.

Recently Adopted Accounting Standards

Receivables — Reclassification of Residential Real Estate Collateralized Consumer Mortgage Loans upon Foreclosure (ASU 2014-04)

As of January 1, 2015, we adopted ASU 2014-04. The amendments in this ASU clarify the timing for which an entity should reclassify a loan that has been foreclosed or where an in substance repossession has occurred to real estate owned. The guidance requires a reclassification to occur when the entity obtains legal title upon completion of foreclosure or the borrower conveys all interest in the residential real estate property to the entity to satisfy the loan through completion of a deed in lieu of foreclosure or similar legal agreement. In addition, the ASU clarifies that redemption rights of the borrower should be ignored for purposes of determining whether legal title has transferred. We adopted the guidance utilizing a modified retrospective approach. The adoption of this guidance did not have a material effect on our consolidated financial condition or results of operations.

Presentation of Financial Statements and Property, Plant, and Equipment — Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity (ASU 2014-08)

As of January 1, 2015, we adopted ASU 2014-08. The amendments in this ASU modify the requirements for the reporting of discontinued operations. In order to qualify as a discontinued operation, the disposal of a component of an

entity, a group of components, or a business of an entity must represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The ASU further indicates that the timing for recording a discontinued operation is when one of the following occurs: the component, group of components, or business meets the criteria to be classified as held-for-sale; the component, group of components, or business is disposed of by sale; or the component, group of components, or business is disposed of other than by sale (for example abandonment or spinoff). In addition, the ASU also requires additional disclosure items about an entity's discontinued operations. The amendments were applied prospectively solely to newly identified disposals that qualify as discontinued operations after the effective date. Items previously reported as discontinued operations will maintain their classification based on the prior guidance. The adoption of this guidance did not have a material effect on our consolidated financial condition or results of operations.

Transfers and Servicing — Repurchase-to-Maturity Transactions, Repurchase Financings and Disclosures (ASU 2014-11)

As of January 1, 2015, we adopted ASU 2014-11. The amendments in this ASU change the accounting for repurchase-to-maturity transactions and repurchase financing transactions such that both will be reported as secured borrowings. In addition to the changes to how

these transactions are reported, the ASU also includes new disclosure requirements. The amendments are effective for us beginning on January 1, 2015. The amendments were applied to all transactions that fall under the guidance as of the date of adoption with a cumulative effect adjustment recorded on the date of initial adoption. The adoption of this guidance did not have a material effect on our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

Revenue from Contracts with Customers (ASU 2014-09)

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09. The purpose of this guidance is to streamline and consolidate existing revenue recognition principles in GAAP and to converge revenue recognition principles with International Financial Reporting Standards (IFRS). The core principle of the amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. The amendments include a five step process for consideration of the main principle, guidance on the accounting treatment for costs associated with a contract, and disclosure requirements related to the revenue process. The amendments are effective for us beginning on January 1, 2017. The amendments can be applied either through a full retrospective application or retrospectively with a cumulative effect adjustment on the date of initial adoption. Early adoption is prohibited. Management is assessing the impact of the adoption of this guidance.

Consolidation — Amendments to the Consolidation Analysis (ASU 2015-02)

In February 2015, the FASB issued ASU 2015-02. The amendments in this update modify the requirements of consolidation with respect to entities that are or are similar in nature to limited partnerships or are variable interest entities (VIEs). For entities that are or are similar to limited partnerships, the guidance clarifies the evaluation of kick-out rights, removes the presumption that the general partner will consolidate and generally states that such entities will be presumed to be VIEs unless proven otherwise. For VIEs, the guidance modifies the analysis related to the evaluation of servicing fees, excludes servicing fees that are deemed commensurate with the level of service required from the determination of the primary beneficiary and clarifies certain considerations related to the consolidation analysis when performing a related party assessment. The amendments are effective for us on January 1, 2016, with early adoption permitted. The amendments can be applied either through a full retrospective application or on a modified retrospective basis with a cumulative effect adjustment on the date of initial adoption. Management is assessing the impact of the adoption of this guidance.

Imputation of Interest — Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03)

In April 2015, the FASB issued ASU 2015-03. The amendments in this update require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Currently debt issuance costs are presented as a deferred charge and are therefore presented as an asset. The recognition and measurement requirements will not change as a result of this guidance. The amendments are effective for us on January 1, 2016, with early adoption permitted. The amendments must be applied with retrospective application, with each balance sheet period presented showing the impacts of applying the guidance. The guidance is not expected to have a material impact to our consolidated financial condition or results of operations.

2. Discontinued and Held-for-sale Operations

Discontinued Operations

Prior to the adoption of ASU 2014-08, which is to be prospectively applied only to newly identified disposals that qualify as discontinued operations beginning after January 1, 2015, we have classified 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 or disposal 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 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. (GMF). On the same date, we entered into an agreement with GMF to sell 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 America operations in Mexico, Chile, and Colombia. During the fourth quarter of 2013, we completed the sale of our Latin American operations in Brazil.

On January 2, 2015, the sale of our interest in the motor vehicle finance joint venture in China was completed and an after-tax gain of approximately $400 million was recorded. The tax expense included in this gain was reduced by the release of valuation allowance on our capital loss carryforward deferred tax asset that was utilized to offset capital gains stemming from this sale.

Other Operations

Other operations relate to previous discontinued operations for which we continue to have minimal residual costs.

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 March 31,	
($ in millions)	2015	2014
Select Automotive Finance operations		
Total net revenue	$—	$33
Pretax income including direct costs to transact a sale (a)	458	30
Tax expense (benefit) (b)	65	(1)
Other operations		
Pretax income	$2	$(2)
Tax benefit	(2)	—

(a) Includes certain treasury and other corporate activity recognized by Corporate and Other.
(b) Includes certain income tax activity recognized by Corporate and Other.

Held-for-sale Operations

Assets of operations held-for-sale consisted of $634 million in other assets at December 31, 2014 related to the joint venture in China that was sold to GMF on January 2, 2015. No held-for-sale operations remain at March 31, 2015.

3. Other Income, Net of Losses

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

	Three months ended March 31,	
($ in millions)	2015	2014
Income from equity-method investments	$33	$4
Remarketing fees	28	28
Late charges and other administrative fees	22	23
Other, net	14	12
Total other income, net of losses	$97	$67

4. Other Operating Expenses

Details of other operating expenses were as follows.

	Three months ended March 31,	
($ in millions)	2015	2014
Insurance commissions	$93	$90
Technology and communications	69	85
Advertising and marketing	31	29
Lease and loan administration	29	28
Regulatory and licensing fees	21	27
Professional services	20	28
Premises and equipment depreciation	20	19
Vehicle remarketing and repossession	18	18
Occupancy	12	11
Non-income taxes	8	10
Other	63	46
Total other operating expenses	$384	$391

5. Investment Securities

Our portfolio of securities includes bonds, equity securities, asset- and mortgage-backed securities, 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.

	March 31, 2015				December 31, 2014			
	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	$2,673	$19	$(4)	$2,688	$1,195	$1	$(18)	$1,178
U.S. States and political subdivisions	506	19	(1)	524	389	17	—	406
Foreign government	202	13	—	215	224	8	—	232
Mortgage-backed residential (a)	10,246	144	(85)	10,305	10,431	119	(125)	10,425
Mortgage-backed commercial	313	—	(1)	312	254	—	(1)	253
Asset-backed	2,061	6	(1)	2,066	1,989	5	(3)	1,991
Corporate debt	731	22	(1)	752	734	14	(2)	746
Total debt securities	16,732	223	(93)	16,862	15,216	164	(149)	15,231
Equity securities	984	28	(45)	967	891	49	(34)	906
Total available-for-sale securities (b)	$17,716	$251	$(138)	$17,829	$16,107	$213	$(183)	$16,137

(a) Residential mortgage-backed securities include agency-backed bonds totaling $7,312 million and $7,557 million at March 31, 2015, and
December 31, 2014, respectively.

(b) Certain entities related to our Insurance operations are required to deposit securities with state regulatory authorities. Amounts deposited totaled $15 million at March 31, 2015, and December 31, 2014, respectively.

Table of Contents

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
March 31, 2015										
Fair value of available-for-sale debt securities										
U.S. Treasury and federal agencies	$2,688	1.8 %	$83	0.2 %	$685	1.2 %	$1,920	2.0 %	$—	— %
U.S. States and political subdivisions	524	3.6	30	2.0	25	3.0	104	3.0	365	3.9
Foreign government	215	2.8	—	—	122	2.6	93	3.0	—	—
Mortgage-backed residential	10,305	2.7	—	—	51	2.1	5	3.0	10,249	2.7
Mortgage-backed commercial	312	1.6	—	—	28	1.6	—	—	284	1.5
Asset-backed	2,066	2.0	—	—	1,290	2.0	533	2.0	243	2.1
Corporate debt	752	3.2	41	3.3	447	2.7	232	3.8	32	5.7
Total available-for-sale debt securities	$16,862	2.5	$154	1.4	$2,648	1.9	$2,887	2.2	$11,173	2.7
Amortized cost of available-for-sale debt securities	$16,732		$153		$2,631		$2,845		$11,103	
December 31, 2014										
Fair value of available-for-sale debt securities										
U.S. Treasury and federal agencies	$1,178	1.5 %	$7	3.0 %	$677	1.2 %	$494	1.9 %	$—	— %
U.S. States and political subdivisions	406	3.7	34	1.9	12	2.1	106	3.0	254	4.3
Foreign government	232	2.7	—	—	128	2.5	104	2.9	—	—
Mortgage-backed residential	10,425	2.6	34	3.1	58	2.1	—	—	10,333	2.6
Mortgage-backed commercial	253	1.5	—	—	30	1.8	—	—	223	1.4
Asset-backed	1,991	1.9	—	—	1,311	1.9	463	2.0	217	2.2
Corporate debt	746	3.2	33	3.1	460	2.7	216	3.8	37	5.6
Total available-for-sale debt securities	$15,231	2.5	$108	2.7	$2,676	1.9	$1,383	2.4	$11,064	2.6
Amortized cost of available-for-sale debt securities	$15,216		$108		$2,674		$1,374		$11,060	

(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.

The balances of cash equivalents were $2.3 billion and $2.0 billion at March 31, 2015, and December 31, 2014, respectively, and were composed primarily of money market accounts and short-term securities, including U.S. Treasury bills.

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

($ in millions)	Three months ended March 31, 2015	2014
Taxable interest	$80	$86
Taxable dividends	5	5
Interest and dividends exempt from U.S. federal income tax	3	4
Interest and dividends on available-for-sale securities	$88	$95

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

	Three months ended March 31,	
($ in millions)	2015	2014
Gross realized gains	$60	$60
Gross realized losses	(3)	(7)
Other-than-temporary impairment	(2)	(10)
Other gain on investments, net	$55	$43

Certain available-for-sale securities were sold at a loss in 2015 and 2014 as a result of market conditions within these respective periods (e.g., a downgrade in the rating of a debt security), in accordance with our risk management policies and practices. The table below summarizes available-for-sale securities in an unrealized loss position in accumulated other comprehensive income. Based on the methodology 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 March 31, 2015, 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 March 31, 2015, we had the ability and intent to hold equity 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 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 March 31, 2015. Refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K for additional information related to investment securities and our methodology for evaluating potential other-than-temporary impairments.

	March 31, 2015				December 31, 2014			
	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	$277	$—	$670	$(4)	$297	$(3)	$859	$(15)
U.S. States and political subdivisions	120	(1)	—	—	50	—	—	—
Mortgage-backed	1,064	(6)	2,537	(80)	1,172	(10)	3,098	(116)
Asset-backed	524	(1)	1	—	819	(3)	8	—
Corporate debt	34	(1)	6	—	132	(2)	11	—
Total temporarily impaired debt securities	2,019	(9)	3,214	(84)	2,470	(18)	3,976	(131)
Temporarily impaired equity securities	374	(37)	28	(8)	231	(24)	40	(10)
Total temporarily impaired available-for-sale securities	$2,393	$(46)	$3,242	$(92)	$2,701	$(42)	$4,016	$(141)

6. Loans Held-for-Sale, Net

Loans held-for-sale represent loans that we intend to sell. In situations where we have not identified the specific loans to be sold, we may classify a percentage of the entire loan balance as held-for-investment and a percentage as held-for-sale based on an allocation methodology of loans with similar characteristics. In addition, we may also designate a portion of our originations as held-for-sale based on a similar allocation methodology.

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

($ in millions)	March 31, 2015	December 31, 2014
Consumer automotive	$1,500	$1,515
Consumer mortgage	42	452
Commercial and industrial — Other	17	36
Total loans held-for-sale	$1,559	$2,003

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)	March 31, 2015	December 31, 2014
Consumer automotive (a)	$57,447	$56,570
Consumer mortgage (b)(c)	7,653	7,474
Commercial		
Commercial and industrial		
Automotive	29,544	30,871
Other	2,004	1,882
Commercial Real Estate — Automotive	3,209	3,151
Total commercial	34,757	35,904
Total finance receivables and loans (d)	$99,857	$99,948

(a) Includes $68 million and $35 million of fair value adjustment for loans in hedge accounting relationships at March 31, 2015, and December 31, 2014, respectively. Refer to Note 20 for additional information.

(b) Includes loans originated as interest-only mortgage loans of $1.1 billion and $1.2 billion at March 31, 2015, and December 31, 2014, respectively, 17% of which are expected to start principal amortization in 2015, 32% in 2016, 21% in 2017, 2% in 2018, and 5% thereafter.

(c) Includes consumer mortgages at a fair value of $1 million at both March 31, 2015, and December 31, 2014, as a result of fair value option election.

(d) Totals are net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $180 million and $266 million at March 31, 2015, and December 31, 2014, respectively.

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

Three months ended March 31, 2015 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at January 1, 2015	$685	$152	$140	$977
Charge-offs	(193)	(22)	—	(215)
Recoveries	61	3	1	65
Net charge-offs	(132)	(19)	1	(150)
Provision for loan losses	158	(5)	(37)	116
Other (a)	—	(9)	(1)	(10)
Allowance at March 31, 2015	$711	$119	$103	$933
Allowance for loan losses				
Individually evaluated for impairment	$21	$54	$15	$90
Collectively evaluated for impairment	690	65	88	843
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost				
Ending balance	$57,447	$7,652	$34,757	$99,856
Individually evaluated for impairment	278	253	65	596
Collectively evaluated for impairment	57,169	7,399	34,692	99,260
Loans acquired with deteriorated credit quality	—	—	—	—

(a) Primarily related to the transfer of finance receivables and loans from held-for-investment to held-for-sale.

Three months ended March 31, 2014 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at January 1, 2014	$673	$389	$146	$1,208
Charge-offs	(180)	(15)	(1)	(196)
Recoveries	59	3	1	63
Net charge-offs	(121)	(12)	—	(133)
Provision for loan losses	163	(23)	(3)	137
Other (a)	—	(21)	1	(20)
Allowance at March 31, 2014	$715	$333	$144	$1,192
Allowance for loan losses				
Individually evaluated for impairment	$23	$200	$25	$248
Collectively evaluated for impairment	692	133	119	944
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost				
Ending balance	$56,775	$8,137	$34,711	$99,623
Individually evaluated for impairment	290	935	173	1,398
Collectively evaluated for impairment	56,480	7,202	34,538	98,220
Loans acquired with deteriorated credit quality	5	—	—	5

(a) Primarily related to the transfer of finance receivables and loans from held-for-investment to held-for-sale.

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 March 31,	
($ in millions)	2015	2014
Consumer mortgage	$69	$40

Total sales and transfers	$69	$40

The following table presents information about significant purchases of finance receivables and loans.

($ in millions)	Three months ended March 31, 2015	2014
Consumer mortgage	$654	$—
Total purchases of finance receivables and loans	$654	$—

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
March 31, 2015						
Consumer automotive	$968	$182	$148	$1,298	$56,149	$ 57,447
Consumer mortgage	87	22	107	216	7,436	7,652
Commercial						
Commercial and industrial						
Automotive	—	—	8	8	29,536	29,544
Other	—	—	—	—	2,004	2,004
Commercial real estate — Automotive	—	—	—	—	3,209	3,209
Total commercial	—	—	8	8	34,749	34,757
Total consumer and commercial	$1,055	$204	$263	$1,522	$98,334	$ 99,856
December 31, 2014						
Consumer automotive	$1,340	$293	$164	$1,797	$54,773	$ 56,570
Consumer mortgage	76	25	124	225	7,248	7,473
Commercial						
Commercial and industrial						
Automotive	—	9	—	9	30,862	30,871
Other	—	—	—	—	1,882	1,882
Commercial real estate — Automotive	—	—	—	—	3,151	3,151
Total commercial	—	9	—	9	35,895	35,904
Total consumer and commercial	$1,416	$327	$288	$2,031	$97,916	$ 99,947

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)	March 31, 2015	December 31, 2014
Consumer automotive	$377	$386
Consumer mortgage	151	177
Commercial		
Commercial and industrial		
Automotive	35	32
Other	26	46
Commercial real estate — Automotive	4	4
Total commercial	65	82
Total consumer and commercial finance receivables and loans	$593	$645

Management performs a quarterly analysis of the consumer automotive, consumer mortgage, and commercial portfolios using a range of credit quality indicators to assess the adequacy of the allowance for loan losses based on historical and current trends. The following tables present the population of loans by quality indicators for our consumer automotive, 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 2014 Annual Report on Form 10-K for additional information.

	March 31, 2015			December 31, 2014		
($ in millions)	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer automotive	$57,070	$377	$57,447	$56,184	$386	$56,570
Consumer mortgage	7,501	151	7,652	7,296	177	7,473

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.

	March 31, 2015			December 31, 2014		
($ in millions)	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automotive	$27,823	$1,721	$29,544	$29,150	$1,721	$30,871
Other	1,503	501	2,004	1,509	373	1,882
Commercial real estate — Automotive	3,059	150	3,209	3,015	136	3,151
Total commercial	$32,385	$2,372	$34,757	$33,674	$2,230	$35,904

(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 2014 Annual Report on Form 10-K.

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
March 31, 2015					
Consumer automotive	$278	$278	$—	$278	$21
Consumer mortgage	254	253	62	191	54
Commercial					
Commercial and industrial					
Automotive	35	35	5	30	6
Other	26	26	—	26	8
Commercial real estate — Automotive	4	4	1	3	1
Total commercial	65	65	6	59	15
Total consumer and commercial finance receivables and loans	$597	$596	$68	$528	$90
December 31, 2014					
Consumer automotive	$282	$282	$—	$282	$23
Consumer mortgage	340	336	86	250	62
Commercial					
Commercial and industrial					
Automotive	32	32	4	28	5
Other	46	46	—	46	15
Commercial real estate — Automotive	4	4	1	3	1
Total commercial	82	82	5	77	21
Total consumer and commercial finance receivables and loans	$704	$700	$91	$609	$106

The following table presents average balance and interest income for our impaired finance receivables and loans.

Three months ended March 31, ($ in millions)	2015		2014	
	Average balance	Interest income	Average balance	Interest income
Consumer automotive	$290	$4	$294	$4
Consumer mortgage	311	2	928	8
Commercial				
Commercial and industrial				
Automotive	34	—	104	1
Other	40	3	74	—
Commercial real estate — Automotive	4	—	11	—
Total commercial	78	3	189	1
Total consumer and commercial finance receivables and loans	$679	$9	$1,411	$13

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 automotive 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 $557 million and $681 million at

March 31, 2015, and December 31, 2014, respectively. The decrease was primarily due to the whole-loan sale of consumer mortgage TDRs. Refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K 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.

Three months ended March 31, ($ in millions)	2015 Number of loans	2015 Pre-modification carrying value before allowance	2015 Post-modification carrying value before allowance	2014 Number of loans	2014 Pre-modification carrying value before allowance	2014 Post-modification carrying value before allowance
Consumer automotive	4,055	$ 63	$ 53	5,359	$ 84	$ 71
Consumer mortgage	40	7	6	218	49	45
Commercial						
Commercial and industrial						
Automotive	—	—	—	3	23	23
Other	—	—	—	3	48	48
Total commercial	—	—	—	6	71	71
Total consumer and commercial finance receivables and loans	4,095	$ 70	$ 59	5,583	$ 204	$ 187

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 2014 Annual Report on Form 10-K for additional information) except for commercial finance receivables and loans, where redefault is defined as 90 days past due.

Three months ended March 31, ($ in millions)	2015 Number of loans	2015 Carrying value before allowance	2015 Charge-off amount	2014 Number of loans	2014 Carrying value before allowance	2014 Charge-off amount
Consumer automotive	1,581	$ 19	$ 11	1,614	$ 20	$ 10
Consumer mortgage	4	—	—	2	1	—
Commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	1,585	$ 19	$ 11	1,616	$ 21	$ 10

At March 31, 2015, there were no commercial commitments to lend additional funds to borrowers owing receivables whose terms had been modified in a TDR. At December 31, 2014, commercial commitments to lend additional funds to borrowers owing receivables whose terms had been modified in a TDR were $4 million.

8. Investment in Operating Leases, Net

Investments in operating leases were as follows.

($ in millions)	March 31, 2015	December 31, 2014
Vehicles	$22,842	$23,144
Accumulated depreciation	(3,821)	(3,634)
Investment in operating leases, net	$19,021	$19,510

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 March 31,	
($ in millions)	2015	2014
Depreciation expense on operating lease assets (excluding remarketing gains)	$691	$651
Remarketing gains	(69)	(109)
Depreciation expense on operating lease assets	$622	$542

9. Securitizations and Variable Interest Entities

We are involved in several types of securitization and financing transactions that utilize special-purpose entities (SPEs). A 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 VIEs. VIEs are entities that have either a total equity investment at risk that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors at risk lack the ability to control the entity's activities.

We provide a wide range of consumer and commercial automotive 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. There were no sales of financial assets into nonconsolidated securitization and asset-backed financing entities for the three months ended March 31, 2015 and 2014.

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.

We have involvement with various other nonconsolidated affordable housing entities and venture capital funds. We do not consolidate these entities and our involvement is limited to the capital contributed and committed to these funds plus any previously recognized low income housing tax credits.

Refer to Note 10 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K for further description of our securitization activities and our involvement with VIEs.

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

($ in millions)	Consolidated involvement with VIEs		Assets of nonconsolidated VIEs (a)		Maximum exposure to loss in nonconsolidated VIEs	
March 31, 2015						
On-balance sheet variable interest entities						
Consumer automotive	$30,907	(b)				
Commercial automotive	16,727					
Off-balance sheet variable interest entities						
Consumer automotive	—		$2,500		$2,500	(c)
Commercial other	182	(d)	—	(e)	413	
Total	$47,816		$2,500		$2,913	
December 31, 2014						
On-balance sheet variable interest entities						
Consumer automotive	$31,994	(b)				
Commercial automotive	18,171					
Off-balance sheet variable interest entities						
Consumer automotive	—		$2,801		$2,801	(c)
Commercial other	146	(d)	—	(e)	362	
Total	$50,311		$2,801		$3,163	

(a) Asset values represent the current unpaid principal balance of outstanding consumer finance receivables and loans within the VIEs.

(b) Includes $10.2 billion and $12.7 billion of assets that are not encumbered by VIE beneficial interests held by third parties at March 31, 2015 and December 31, 2014, respectively. Ally or consolidated affiliates hold the interests in these assets which eliminate in consolidation.

(c) 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 are worthless. This required disclosure is not an indication of our expected loss.

(d) Includes $198 million and $164 million classified as other assets, offset by $16 million and $18 million classified as accrued expenses and other liabilities at March 31, 2015, and December 31, 2014, respectively.

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

Cash Flows with Off-balance Sheet Variable Interest Entities

The following table summarizes cash flows received and paid related to securitization entities and asset-backed financings 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 three months ended March 31, 2015 and 2014. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

Three months ended March 31, ($ in millions)	Consumer automotive	Consumer mortgage
2015		
Servicing fees	$7	$—
2014		
Servicing fees	$2	$—
Representations and warranties obligations	—	1

Delinquencies and Net Credit Losses

The following tables represent on-balance sheet loans held-for-sale and finance receivable and loans, off-balance sheet securitizations, and whole-loan sales where we have continuing involvement. The table presents quantitative information about delinquencies and net credit losses.

($ in millions)	Total Amount		Amount 60 days or more past due	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
On-balance sheet loans				
Consumer automotive	$58,947	$58,085	$332	$457
Consumer mortgage	7,695	7,926	133	151
Commercial automotive	32,753	34,022	8	9
Commercial other	2,021	1,918	—	—
Total on-balance sheet loans	101,416	101,951	473	617
Off-balance sheet securitization entities				
Consumer automotive	2,500	2,801	4	5
Total off-balance sheet securitization entities	2,500	2,801	4	5
Whole-loan transactions (a)	1,662	929	21	33
Total	$105,578	$105,681	$498	$655

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

($ in millions)	Net credit losses Three months ended March 31, 2015	2014
On-balance sheet loans		
Consumer automotive	$132	$121
Consumer mortgage	19	12
Commercial automotive	(1)	—
Commercial other	—	—
Total on-balance sheet loans	150	133
Off-balance sheet securitization entities		
Consumer automotive	1	—
Total off-balance sheet securitization entities	1	—
Whole-loan transactions	—	3
Total	$151	$136

10. Servicing Activities

Automotive Finance Servicing Activities

We service consumer automotive contracts. Historically, we have sold a portion of our consumer automotive 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 automotive finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. We recognized automotive servicing fee income of $10 million and $9 million during the three months ended March 31, 2015 and 2014, respectively.

Table of Contents

Automotive Finance Serviced Assets

The current unpaid principal balance and any related unamortized deferred fees and costs of total serviced automotive finance loans outstanding were as follows.

($ in millions)	March 31, 2015	December 31, 2014
On-balance sheet automotive finance loans and leases		
Consumer automotive	$58,947	$58,085
Commercial automotive	32,753	34,022
Operating leases	19,021	19,510
Other	59	55
Off-balance sheet automotive finance loans		
Loans sold to third-party investors		
Securitizations	2,527	2,832
Whole-loan	1,643	887
Total serviced automotive finance loans and leases	$114,950	$115,391

11. Other Assets

The components of other assets were as follows.

($ in millions)	March 31, 2015	December 31, 2014
Property and equipment at cost	$744	$775
Accumulated depreciation	(531)	(550)
Net property and equipment	213	225
Restricted cash collections for securitization trusts (a)	2,369	2,221
Net deferred tax assets	1,639	1,812
Fair value of derivative contracts in receivable position (b)	315	263
Cash reserve deposits held-for-securitization trusts (c)	289	303
Unamortized debt issuance costs	246	238
Other accounts receivable	233	298
Collateral placed with counterparties	228	236
Nonmarketable equity securities	213	271
Other assets	1,038	1,435
Total other assets	$6,783	$7,302

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

(b) For additional information on derivative instruments and hedging activities, refer to Note 20.

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

12. Deposit Liabilities

Deposit liabilities consisted of the following.

($ in millions)	March 31, 2015	December 31, 2014
Noninterest-bearing deposits	$79	$ 64
Interest-bearing deposits		
Savings and money market checking accounts	29,718	26,769
Certificates of deposit	30,768	31,070
Dealer deposits	310	319
Total deposit liabilities	$60,875	$ 58,222

At March 31, 2015, and December 31, 2014, certificates of deposit included $12.8 billion and $13.0 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.

	March 31, 2015			December 31, 2014		
($ in millions)	Unsecured	Secured (a)	Total	Unsecured	Secured (a)	Total
Demand notes	$3,481	$—	$3,481	$3,338	$—	$3,338
Federal Home Loan Bank	—	800	800	—	2,950	2,950
Securities sold under agreements to repurchase	—	2,166	2,166	—	774	774
Total short-term borrowings	$3,481	$2,966	$6,447	$3,338	$3,724	$7,062

(a) Refer to Note 14 for further details on assets restricted as collateral for payment of the related debt.

We periodically enter into term repurchase agreements, short-term borrowing agreements in which we sell financial instruments to one or more investors while simultaneously committing to repurchase them at a specified future date, at the stated price plus accrued interest. As of March 31, 2015, the financial instruments sold under agreement to repurchase consisted of U.S. Treasury and Federal Agency securities with maturities as follows: $1.7 billion within the next 30 days and $504 million within 31 to 60 days. The primary risk associated with these repurchase agreements is that the counterparty will be unable to perform under the terms of the contract. As the borrower, we are exposed to the excess market value of the securities pledged over the amount borrowed. Daily mark-to-market collateral management is designed to limit this risk to the initial margin. However, should a counterparty declare bankruptcy or become insolvent, we may incur additional delays and costs.

14. Long-term Debt

The following table presents the composition of our long-term debt portfolio.

	March 31, 2015			December 31, 2014		
($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Long-term debt						
Due within one year	$3,152	$10,266	$13,418	$4,809	$12,629	$17,438
Due after one year (a)	18,219	33,647	51,866	17,154	31,514	48,668
Fair value adjustment (b)	476	—	476	452	—	452
Total long-term debt	$21,847	$43,913	$65,760	$22,415	$44,143	$66,558

(a) Includes $2.6 billion of trust preferred securities at both March 31, 2015 and December 31, 2014, respectively.

(b) Represents the fair value adjustment associated with the application of hedge accounting on certain of our long-term unsecured debt positions. Refer to Note 20 for additional information.

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)	2015	2016	2017	2018	2019	2020 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$2,716	$1,934	$4,398	$1,895	$1,625	$10,228	$476	$23,272
Original issue discount	(47)	(72)	(84)	(96)	(35)	(1,091)	—	(1,425)
Total unsecured	2,669	1,862	4,314	1,799	1,590	9,137	476	21,847
Secured								
Long-term debt	8,657	9,745	11,742	5,543	4,590	3,636	—	43,913
Total long-term debt	$11,326	$11,607	$16,056	$7,342	$6,180	$12,773	$476	$65,760

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.

	March 31, 2015		December 31, 2014	
($ in millions)	Total	Ally Bank (a)	Total	Ally Bank (a)
Investment securities	$2,215	$695	$786	$786
Mortgage assets held-for-investment and lending receivables	7,699	7,699	7,541	7,541
Consumer automotive finance receivables	31,878	10,338	33,438	11,263
Commercial automotive finance receivables	19,087	18,617	20,605	20,083
Investment in operating leases, net	8,687	5,334	6,820	4,672
Total assets restricted as collateral (b)(c)	$69,566	$42,683	$69,190	$44,345
Secured debt (d)	$46,879	$23,803	$47,867	$27,134

(a) Ally Bank is a component of the total column.
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 $10.8 billion and $10.7 billion at March 31, 2015, and December 31, 2014, respectively. These assets were composed primarily of consumer mortgage finance receivables and loans, net. Ally Bank has access to the Federal Reserve Bank Discount Window.

(b) Ally Bank had assets pledged and restricted as collateral to the Federal Reserve Bank totaling $3.3 billion and $3.2 billion at March 31, 2015, and December 31, 2014, respectively. These assets were composed of consumer automotive finance receivables and loans, net and investment in operating leases, net. 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) Excludes restricted cash and cash reserves for securitization trusts recorded within other assets on the Condensed Consolidated Balance Sheet. Refer to Note 11 for additional information.

(d) Includes $3.0 billion and $3.7 billion of short-term borrowings at March 31, 2015, and December 31, 2014, respectively.

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 March 31, 2015, Ally Bank had exclusive access to $4.5 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 March 31, 2015, $21.7 billion of our $22.6 billion of committed capacity was revolving. Our

revolving facilities generally have an original tenor ranging from 364 days to two years. As of March 31, 2015, we had $17.9 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

Committed Funding Facilities

($ in millions)	Outstanding		Unused capacity (a)		Total capacity	
	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014	March 31, 2015	December 31, 2014
Bank funding						
Secured	$3,015	$3,250	$1,485	$250	$4,500	$3,500
Parent funding						
Secured	15,191	15,030	2,940	3,425	18,131	18,455
Total committed facilities	$18,206	$18,280	$4,425	$3,675	$22,631	$21,955

(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.

15. Accrued Expenses and Other Liabilities

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

($ in millions)	March 31, 2015	December 31, 2014
Accounts payable	$313	$298
Fair value of derivative contracts in payable position (a)	268	252
Reserves for insurance losses and loss adjustment expenses	201	208
Employee compensation and benefits	190	298
Deferred revenue	143	151
Other liabilities	579	528
Total accrued expenses and other liabilities	$1,694	$1,735

(a) For additional information on derivative instruments and hedging activities, refer to Note 20.

16. Preferred Stock

The following table summarizes information about our Series A and Series G preferred stock.

	March 31, 2015	December 31, 2014
Series A preferred stock (a) (b)		
Carrying value ($ in millions)	$1,021	$1,021
Par value (per share)	0.01	0.01
Liquidation preference (per share)	25	25
Number of shares authorized	40,870,560	40,870,560
Number of shares issued and outstanding	40,870,560	40,870,560
Dividend/coupon		
Prior to May 15, 2016	8.5 %	8.5 %
On and after May 15, 2016	Three month LIBOR + 6.243%	Three month LIBOR + 6.243%
Series G preferred stock (c)		
Carrying value ($ 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 %

(a) Nonredeemable prior to May 15, 2016.

(b) On April 23, 2015, we announced a tender offer to purchase up to 13 million shares of our outstanding Series A Preferred Stock, for $26.65 per Series A share.

(c) On April 10, 2015, we redeemed 1,288,300 shares of our outstanding Series G Preferred Stock, with an aggregate liquidation preference of approximately $1.3 billion. Following this transaction, 1,288,301 shares of our Series G Preferred Stock remain outstanding, with a carrying value of approximately $117 million.

Table of Contents

17. Accumulated Other Comprehensive Loss

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

($ in millions)	Unrealized (losses) gains on investment securities (a)	Translation adjustments and net investment hedges (b)	Cash flow hedges	Defined benefit pension plans	Accumulated other comprehensive loss
Balance at December 31, 2013	$(269)	$65	$5	$(77)	$ (276)
2014 net change	100	(8)	—	—	92
Balance at March 31, 2014	$(169)	$57	$5	$(77)	$ (184)
Balance at December 31, 2014	$(21)	$36	$7	$(88)	$ (66)
2015 net change	52	(21)	—	—	31
Balance at March 31, 2015	$31	$15	$7	$(88)	$ (35)

(a) Represents the after-tax difference between the fair value and amortized cost of our available-for-sale securities portfolio.
(b) For additional information on derivative instruments and hedging activities, refer to Note 20.

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

Three months ended March 31, 2015 ($ in millions)	Before Tax	Tax Effect	After Tax
Unrealized gains on investment securities			
Net unrealized gains arising during the period	$138	$(51)	$87
Less: Net realized gains reclassified to income from continuing operations	55 (a)	(20) (b)	35
Net change	83	(31)	52
Translation adjustments			
Net unrealized losses arising during the period	(20)	7	(13)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	42	(20)	22
Net change	(62)	27	(35)
Net investment hedges			
Net unrealized gains arising during the period	18	(7)	11
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(4)	1	(3)
Net change	22	(8)	14
Other comprehensive income	$43	$(12)	$31

(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 expense (benefit) from continuing operations in our Condensed Consolidated Statement of Comprehensive Income.

Three months ended March 31, 2014 ($ in millions)	Before Tax	Tax Effect	After Tax
Unrealized gains on investment securities			
Net unrealized gains arising during the period	$188	$(51)	$137
Less: Net realized gains reclassified to income from continuing operations	43 (a)	(6) (b)	37
Net change	145	(45)	100

Translation adjustments			
Net unrealized losses arising during the period	(22)	7	(15)
Net investment hedges			
Net unrealized gains arising during the period	11	(4)	7
Other comprehensive income	$134	$(42)	$92

(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 expense (benefit) from continuing operations in our Condensed Consolidated Statement of Comprehensive Income.

18. Earnings per Common Share

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

	Three months ended March 31,	
($ in millions, except share data) (a)	2015	2014
Net income from continuing operations	$179	$198
Preferred stock dividends	(67)	(68)
Net income from continuing operations attributable to common shareholders	112	130
Income from discontinued operations, net of tax	397	29
Net income attributable to common shareholders	$509	$159
Basic weighted-average common shares outstanding (b)	482,247,935	479,767,540
Diluted weighted-average common shares outstanding (b)	482,781,619	479,767,540
Basic earnings per common share		
Net income from continuing operations	$0.23	$0.27
Income from discontinued operations, net of tax	0.82	0.06
Net income	$1.06	$0.33
Diluted earnings per common share		
Net income from continuing operations	$0.23	$0.27
Income from discontinued operations, net of tax	0.82	0.06
Net income	$1.06	$0.33

(a) Figures in the table may not recalculate exactly due to rounding. Earnings per share is calculated based on unrounded numbers.

(b) Includes shares related to share-based compensation that have vested but have not been issued for the three months ended March 31, 2015.

19. Regulatory Capital and Other Regulatory Matters

As a BHC, we and our wholly-owned state-chartered banking subsidiary, Ally Bank, are subject to capital requirements issued by U.S. banking regulators that require us to maintain risk-based and leverage capital ratios above minimum levels. A risk-based capital ratio is a ratio of a banking organization's regulatory capital to its risk-weighted assets. A leverage capital ratio is a ratio of a banking organization's regulatory capital to a measure of assets or exposures that is not risk-weighted. As of January 1, 2015, Ally and Ally Bank became subject to the rules implementing the 2010 Basel III capital framework in the United States (U.S. Basel III), which reflect new and higher capital requirements, capital buffers, and new regulatory capital definitions, deductions and adjustments. Certain aspects of U.S. Basel III, including the new capital buffers and regulatory capital deductions, will be phased in over several years.

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 Condensed 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 capital, assets and certain off-balance sheet items. These measures and related classifications, which are used in our risk-based and leverage capital ratios, are also subject to qualitative judgments by the regulators about the components of capital, the risk-weightings of our assets and other exposures, and other factors. The U.S. banking regulators also use these ratios and guidelines as part of the capital planning and stress testing processes. In addition, in order for Ally to maintain its status as a FHC, Ally and its bank subsidiary, Ally Bank, must remain "well-capitalized" and "well-managed," as defined under applicable law. Effective January 1, 2015, the "well-capitalized" standard for insured depository institutions, such as Ally Bank, was revised to reflect the new and higher capital requirements under U.S. Basel III.

Under U.S. Basel III, Ally must maintain a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, a minimum Tier 1 risk-based capital ratio of 6%, and a minimum Total risk-based capital ratio of 8%. In addition to these minimum requirements, Ally will also be subject to a Common Equity Tier 1 capital conservation buffer of more than 2.5%, subject to a phase-in period from January 1, 2016 through December 31, 2018. Failure to maintain the full amount of the buffer will result in restrictions on Ally’s ability to make capital distributions, including dividend payment and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers. In addition to these new risk-based capital standards, U.S. Basel III subjects all U.S. banking organizations, including Ally, to a minimum Tier 1 leverage ratio of 4%, the denominator of which takes into account only on-balance sheet assets.

In addition to introducing new capital ratios, U.S. Basel III revises the eligibility criteria for regulatory capital instruments and provides for the phase-out of existing capital instruments that do not satisfy the new criteria. Subject to certain exceptions (e.g., for certain debt or equity issued to the U.S. government under the Emergency Economic Stabilization Act), trust preferred and other “hybrid” securities will be phased out from a banking organization’s Tier 1 capital by January 1, 2016. Also, subject to a phase-in schedule, certain new items will be deducted from Common Equity Tier 1 capital, and certain other deductions from regulatory capital will be modified. Among other things, U.S. Basel III requires significant investments in the common shares of unconsolidated financial institutions, mortgage servicing rights, and

Table of Contents

certain deferred tax assets that exceed specified individual and aggregate thresholds to be deducted from Common Equity Tier 1 capital. U.S. Basel III also revises the standardized approach for calculating risk-weighted assets by, among other things, modifying certain risk weights and introducing new methods for calculating risk-weighted assets for certain types of assets and exposures.

Ally is subject to the U.S. Basel III standardized approach for counterparty credit risk. It is not subject to the U.S. Basel III advanced approaches for counterparty credit risk. Ally is currently not subject to the U.S. market risk capital rule, which applies only to banking organizations with significant trading assets and liabilities.

During 2010, Ally, IB Finance Holding Company, LLC (IB Finance), Ally Bank, and the Federal Deposit Insurance Corporation (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 under the U.S. Basel III capital framework.

	Under Basel III			Under Basel I							
	March 31, 2015 (a)			December 31, 2014 (b)			Required minimum			Well-capitalized minimum	
($ in millions)	Amount	Ratio		Amount	Ratio						
Risk-based capital											
Common Equity Tier 1 (to risk-weighted assets) (c)											
Ally Financial Inc.	$14,240	10.94	%	$12,588	9.64	%	4.50	%		(d)	
Ally Bank	16,185	17.49		16,022	16.89		4.50			6.50	%
Tier 1 (to risk-weighted assets)											
Ally Financial Inc.	$17,131	13.16	%	$16,389	12.55	%	6.00	%		(d)	
Ally Bank	16,185	17.49		16,022	16.89		6.00			8.00	%
Total (to risk-weighted assets)											
Ally Financial Inc.	$18,365	14.11	%	$17,294	13.24	%	8.00	%		(d)	
Ally Bank	16,574	17.91		16,468	17.36		8.00			10.00	%
Tier 1 leverage (to adjusted quarterly average assets) (e)											
Ally Financial Inc.	$17,131	11.43	%	$16,389	10.94	%	4.00	%		(d)	
Ally Bank	16,185	15.61		16,022	15.44		15.00		(f)	5.00	%

(a) U.S. Basel III became effective for us on January 1, 2015, subject to transitional provisions primarily related to deductions and adjustments impacting Common Equity Tier 1 capital and Tier 1 capital.
(b) Capital ratios as of December 31, 2014 are presented under the U.S. Basel I capital framework.
(c) Previously referred to as Tier 1 Common Equity under the U.S. Basel I capital framework.
(d) U.S. Basel III does not establish standards for determining whether a BHC is "well-capitalized."
(e) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.
(f) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

At March 31, 2015, Ally and Ally Bank were “well-capitalized” and met all capital requirements to which each was subject.

Capital Planning and Stress Tests

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic internal stress tests, is subject to an annual supervisory stress test conducted by the Board of Governors of the Federal Reserve System

(FRB), and must submit an annual capital plan to the FRB. Ally's capital plan must include a description of all planned capital actions over a nine-quarter planning horizon. The capital plan must also include a discussion of how Ally will maintain capital above the minimum regulatory capital ratios and above a Tier 1 common equity-to-total risk-weighted assets ratio of 5% under baseline, adverse, and severely adverse economic scenarios, and serve as a source of strength to Ally Bank. The FRB must approve Ally's capital plan before Ally may take any capital action. Even with an approved capital plan, Ally must seek the approval of the FRB before making a capital distribution if, among other factors, Ally would not meet its regulatory capital requirements after making the proposed capital distribution.

On January 5, 2015, Ally Financial Inc. submitted the results of its semi-annual stress test and its proposed capital actions to the FRB, and Ally Bank submitted the results of its annual company-run stress test to the FDIC. On March 6, 2015, Ally Financial Inc. and Ally Bank publicly disclosed summary results of the stress test under the most severe scenario in accordance with regulatory requirements. On March 11, 2015, Ally received a non-objection to its capital plan from the FRB, including the proposed capital actions contained in its submission. As a result, we redeemed $1.3 billion in Series G preferred securities in April 2015, and announced a tender offer to purchase up to 13 million shares of our outstanding Series A preferred securities for $26.65 per share.

20. Derivative Instruments and Hedging Activities

We enter into interest rate, foreign-currency, and equity 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. 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. In addition, we also enter into equity option contracts to manage our exposure to the equity markets. Our primary objective for utilizing derivative financial instruments is to manage interest rate risk associated with our fixed and variable rate assets and liabilities, foreign exchange risks related to our foreign-currency denominated assets and liabilities, and market risks related to our investment portfolio and certain of our executive share-based compensation plans.

Interest Rate Risk

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, forwards, futures, options, and swaptions to achieve our desired mix of fixed- and variable-rate assets and liabilities. We execute interest rate swaps, forwards, futures, options, and swaptions 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 use a mix of both derivatives that qualify for hedge accounting treatment and economic hedges.

Derivatives qualifying for hedge accounting consist of receive-fixed swaps designated as fair value hedges of specific fixed-rate debt obligations, pay-fixed swaps designated as fair value hedges of specific portfolios of fixed-rate held-for-investment retail automotive loan assets, and pay-fixed swaps designated as cash flow hedges of the expected future cash flows in the form of interest payments on certain outstanding variable-rate borrowings associated with our secured debt.

We also execute economic hedges, which consist of interest rate swaps and interest rate caps held to mitigate interest rate risk associated with our debt portfolio. We also use interest rate swaps to economically hedge our net fixed-versus-variable interest rate exposure. We enter into economic hedges in the form of short-dated, exchange-traded Eurodollar futures to hedge the interest rate exposure of our fixed-rate automotive loans, as well as forwards, options, and swaptions to economically hedge our net fixed-versus-variable interest rate exposure.

Foreign Exchange Risk

We enter into derivative financial instrument contracts to mitigate the risk associated with variability in cash flows related to our various foreign-currency exposures.

We enter into foreign-currency forwards with external counterparties as net investment hedges of foreign exchange exposure on our investments in foreign subsidiaries. However, we have reduced our foreign exchange exposure to net investments in foreign operations through the sales and disposals of discontinued international businesses. Refer to Note 2 for further details on these sales.

Our remaining foreign subsidiaries in wind-down 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).

We utilize a cross-currency swap to economically hedge foreign exchange exposure on foreign-currency-denominated debt by converting the funding currency to our functional currency. This swap was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt.

We also enter into foreign currency forwards to economically hedge our foreign denominated debt, our centralized lending program, and foreign-denominated third party loans. The hedge of foreign denominated debt was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt. The

centralized lending program manages liquidity for our subsidiary businesses, but as of March 31, 2015, this activity is immaterial. Foreign-currency-denominated loan agreements are 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, such as hedges of foreign-denominated third party loans, are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

Market Risk

We enter into equity options to economically hedge our exposure to the equity markets. We purchase options to assume a long position on certain equities and write options to assume a short position.

We have also entered into prepaid equity forward contracts to economically hedge the price risk associated with certain of our executive share-based compensation plans. The prepaid equity forward contracts are hybrid instruments containing an embedded forward contract, which is considered a derivative instrument. The embedded derivative instrument is bifurcated from the host contract and is recorded at fair value with changes in fair value recorded in compensation and benefits expense. The balance of the prepaid component of these equity forward contracts was $62 million as of March 31, 2015, and was recorded within other assets on the Condensed Consolidated Balance Sheet.

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.

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 $228 million and $236 million at March 31, 2015 and December 31, 2014, respectively, in accounts maintained by counterparties, $18 million of which relates to non-derivative collateral at March 31, 2015 and December 31, 2014. We received cash collateral from counterparties totaling $118 million at March 31, 2015, $13 million of which relates to non-derivative collateral. We received cash collateral from counterparties totaling $71 million at December 31, 2014. 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. At March 31, 2015 and December 31, 2014, we received noncash collateral of $24 million and $15 million, respectively.

Table of Contents

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. Notional amounts are reference amounts from which contractual obligations are derived and are not recorded on the balance sheet. In our view, derivative notional is not an accurate measure of our derivative exposure when viewed in isolation from other factors, such as market rate fluctuations and counterparty credit risk.

	March 31, 2015			December 31, 2014		
	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 contracts						
Swaps (c)	$170	$12	$19,166	$118	$7	$18,554
Foreign exchange contracts						
Forwards	—	1	237	—	—	210
Total derivatives qualifying for hedge accounting	170	13	19,403	118	7	18,764
Economic hedges						
Interest rate contracts						
Swaps	47	72	12,721	40	65	11,979
Futures and forwards	6	7	18,955	4	2	18,886
Written options	—	71	15,665	—	94	14,823
Purchased options	71	—	15,902	94	—	15,159
Total interest rate risk	124	150	63,243	138	161	60,847
Foreign exchange contracts						
Swaps	12	88	1,073	—	74	1,210
Futures and forwards	9	6	458	5	4	304
Total foreign exchange risk	21	94	1,531	5	78	1,514
Equity contracts						
Forwards	—	9	62	—	3	74
Written options	—	2	1	—	3	1
Purchased options	—	—	—	2	—	—
Total equity risk	—	11	63	2	6	75
Total economic hedges	145	255	64,837	145	245	62,436
Total derivatives	$315	$268	$84,240	$263	$252	$81,200

(a) Derivative contracts in a receivable position are classified as other assets on the Condensed Consolidated Balance Sheet, and includes accrued interest of $49 million and $50 million at March 31, 2015 and December 31, 2014, respectively.

(b) Derivative contracts in a liability position are classified as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet, and includes accrued interest of $10 million and $17 million at March 31, 2015 and December 31, 2014, respectively.

(c) Includes fair value hedges consisting of receive-fixed swaps on fixed-rate debt obligations with $166 million and $97 million in a receivable position, $0 million and $1 million in a payable position, and of a $5.9 billion and $4.7

billion notional amount at March 31, 2015 and December 31, 2014, respectively. Of the hedge notional amount at March 31, 2015, $2.6 billion is associated with debt maturing in five or more years. Other fair value hedges include pay-fixed swaps on portfolios of held-for-investment automotive loan assets with $4 million and $21 million in a receivable position, $12 million and $6 million in a payable position, and of a $13.2 billion and $13.9 billion notional amount at March 31, 2015 and December 31, 2014, 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.

($ in millions)	Three months ended March 31, 2015	2014
Derivatives qualifying for hedge accounting		
(Loss) gain recognized in earnings on derivatives		
Interest rate contracts		
Interest and fees on finance receivables and loans (a)	$(23)	$2
Interest on long-term debt (b)	86	34
Gain (loss) recognized in earnings on hedged items (c)		
Interest rate contracts		
Interest and fees on finance receivables and loans	33	11
Interest on long-term debt	(87)	(32)
Total derivatives qualifying for hedge accounting	9	15
Economic derivatives		
Loss recognized in earnings on derivatives		
Interest rate contracts		
Loss on mortgage and automotive loans, net	(2)	—
Other income, net of losses	(12)	(8)
Total interest rate contracts	(14)	(8)
Foreign exchange contracts (d)		
Interest on long-term debt	(143)	(5)
Other income, net of losses	11	—
Total foreign exchange contracts	(132)	(5)
Equity contracts		
Compensation and benefits expense	(6)	—
Total equity contracts	(6)	—
(Loss) gain recognized in earnings on derivatives	$(143)	$2

(a) Amounts exclude losses related to interest for qualifying accounting hedges of portfolios of retail automotive loans held-for-investment of $17 million and $13 million for the three months ended March 31, 2015 and 2014, respectively. 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 $23 million and $35 million for the three months ended March 31, 2015 and 2014, respectively.

(c) Amounts exclude gains related to amortization of deferred basis adjustments on the de-designated hedged item of $28 million and $45 million for the three months ended March 31, 2015 and 2014, respectively.

(d) Amounts exclude gains related to the revaluation of the related foreign-denominated debt or receivable of $134 million and $4 million for the three months ended March 31, 2015 and 2014, respectively.

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

($ in millions)	Three months ended March 31, 2015	2014
Foreign exchange contracts		

Loss reclassified from accumulated other comprehensive loss to income from discontinued operations, net	$(4)	$—
Total loss from discontinued operations, net	$(4)	$—
Gain recognized in other comprehensive income (a)	$22	$11

(a) 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 losses of $43 million and $19 million for the three months ended March 31, 2015 and 2014, respectively.

21. Income Taxes

We recognized total income tax expense from continuing operations of $103 million during the three months ended March 31, 2015, compared to income tax expense of $94 million for the same period in 2014. The increase in income tax expense for the three months ended March 31, 2015, compared to the same period in 2014, was driven primarily by a reduction in tax credits.

As of each reporting date, we consider existing evidence, both positive and negative, 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 foreign tax credits and state net operating loss 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.

It is reasonably possible the unrecognized tax benefits disclosed in our 2014 Annual Report on Form 10-K will decrease by up to $180 million over the next 12 months if certain tax matters ultimately settle with the applicable taxing jurisdiction as anticipated.

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 three months ended March 31, 2015.

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 — All classes of 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).

Automotive loans held-for-sale, net — Our automotive loans held-for-sale are accounted for at the lower-of-cost or fair value. The automotive loans at fair value are presented in the nonrecurring fair value measurement table. We based our valuation of automotive loans held-for-sale on internally developed discounted cash flow models (an income approach) and classified all these loans as Level 3. These valuation models estimate the exit price we expect to receive in the loan's principal market, which, depending on characteristics of the loans, may be the whole-loan market or the securitization market. Although we utilize and give priority to market observable inputs, such as interest rates and market spreads within these models, we are typically required to utilize internal inputs, such as prepayment speeds (absolute prepayment model, or ABS), gross loss range by loan segment (percentage of receivable balance lost in the event of default), and credit spreads (the risk premium component added to observed benchmark rate to determine the discount rate used in the discounted cash flow model). While numerous controls exist to calibrate, corroborate, and validate these internal inputs, these internal inputs require the use of judgment and can have a significant impact on the determination of the loan's value. Accordingly, we classified all automotive loans held-for-sale as Level 3.

- Mortgage loans held-for-sale, net — Certain of 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 eligibility with the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), or the Government National Mortgage Association (Ginnie Mae) (collectively, the Government-sponsored Enterprises, or GSEs), product type, interest rate, and credit quality. Mortgage loans previously classified as Level 2 were mainly GSE-eligible mortgage loans carried at fair value due to fair value option election, which were valued predominantly using published forward agency prices. It also included 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. These mortgage loans were transferred into Level 3 as of December 31, 2014 based on decreased observability of significant inputs resulting from no longer being an active seller of mortgage loans to GSEs. As a result, they are now valued based on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilized prepayment, default, and discount rate assumptions.

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

- 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, options of Eurodollar futures, and equity options. 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 (OTC) and centrally-cleared derivative contracts, such as interest rate swaps, a cross-currency swap, swaptions, foreign-currency denominated forward contracts, prepaid equity forward contracts, caps, floors, and agency to-be-announced securities. For OTC contracts, we utilize third-party-developed valuation models that are widely accepted in the market to value these OTC derivative contracts. The specific terms of the contract and market observable inputs (such as interest rate forward curves, interpolated volatility assumptions, or equity pricing) are used in the model. We classified these OTC derivative contracts as Level 2 because all significant inputs into these models were market observable. For centrally-cleared contracts, we utilize unadjusted prices obtained from the clearing house as the basis for valuation, and they are also classified as Level 2. During 2014, we began to value our bilateral interest rate swap and interest rate cap portfolio using Overnight Index Swap discount curves. We previously valued this portfolio using London Interbank Offered Rate (LIBOR) discount curves. Because we continued to use a third-party-developed valuation model in which all significant inputs were market observable, these contracts remained classified as Level 2.

Historically, we had a cross-currency swap and interest rate caps accounted for as derivative instruments that were classified as Level 3. However, at March 31, 2015 and December 31, 2014, we did not have any positions classified as Level 3.

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 the credit default swap spreads of the counterparty.

Table of Contents

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			
March 31, 2015 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$1,816	$872	$—	$2,688
U.S. State and political subdivisions	—	524	—	524
Foreign government	14	201	—	215
Mortgage-backed residential	—	10,305	—	10,305
Mortgage-backed commercial	—	312	—	312
Asset-backed	—	2,066	—	2,066
Corporate debt securities	—	752	—	752
Total debt securities	1,830	15,032	—	16,862
Equity securities (a)	967	—	—	967
Total available-for-sale securities	2,797	15,032	—	17,829
Mortgage loans held-for-sale, net (b)	—	—	3	3
Other assets				
Interests retained in financial asset sales	—	—	42	42
Derivative contracts in a receivable position (c)				
Interest rate	6	288	—	294
Foreign currency	—	21	—	21
Other	—	—	—	—
Total derivative contracts in a receivable position	6	309	—	315
Collateral placed with counterparties (d)	—	9	—	9
Total assets	$2,803	$15,350	$45	$18,198
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	$(7)	$(155)	$—	$(162)
Foreign currency	—	(95)	—	(95)
Other	(2)	(9)	—	(11)
Total derivative contracts in a payable position (c)	(9)	(259)	—	(268)
Other liabilities	—	—	—	—
Total liabilities	$(9)	$(259)	$—	$(268)

(a) Our investment in any one industry did not exceed 14%.
(b) Carried at fair value due to fair value option elections.
(c) For additional information on derivative instruments and hedging activities, refer to Note 20.
(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

	Recurring fair value measurements			
December 31, 2014 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$217	$961	$—	$1,178
U.S. State and political subdivisions	—	406	—	406
Foreign government	14	218	—	232
Mortgage-backed residential	—	10,425	—	10,425
Mortgage-backed commercial	—	253	—	253
Asset-backed	—	1,991	—	1,991
Corporate debt securities	—	746	—	746
Total debt securities	231	15,000	—	15,231
Equity securities (a)	906	—	—	906
Total available-for-sale securities	1,137	15,000	—	16,137
Mortgage loans held-for-sale, net (b)	—	—	3	3
Other assets				
Interests retained in financial asset sales	—	—	47	47
Derivative contracts in a receivable position (c)				
Interest rate	4	252	—	256
Foreign currency	—	5	—	5
Other	2	—	—	2
Total derivative contracts in a receivable position	6	257	—	263
Collateral placed with counterparties (d)	—	15	—	15
Total assets	$1,143	$15,272	$50	$16,465
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position (c)				
Interest rate	$(2)	$(166)	$—	$(168)
Foreign currency	—	(78)	—	(78)
Other	(2)	(4)	—	(6)
Total derivative contracts in a payable position	(4)	(248)	—	(252)
Total liabilities	$(4)	$(248)	$—	$(252)

(a) Our investment in any one industry did not exceed 16%.
(b) Carried at fair value due to fair value option elections.
(c) For additional information on derivative instruments and hedging activities, refer to Note 20.
(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

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 January 1, 2015	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of Level 3	Fair value at March 31, 2015	Net unrealized gains included in earnings still held at March 31, 2015
Assets										
Mortgage loans held-for-sale, net	$3	$—	$—	$—	$—	$—	$—	$—	$3	$—
Other assets										
Interests retained in financial asset sales	47	3 (a)	—	—	—	1	(9)	—	42	—
Total assets	$50	$3	$—	$—	$—	$1	$(9)	$—	$45	$—

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

	Level 3 recurring fair value measurements									
		Net realized/unrealized gains								
($ in millions)	Fair value at January 1, 2014	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of Level 3	Fair value at March 31, 2014	Net unrealized gains included in earnings still held at March 31, 2014
Assets										
Other assets										
Interests retained in financial asset sales	$100	$1 (a)	$—	$—	$—	$—	$(17)	$—	$84	$—
Interest rate derivative contracts, net	(1)	—	—	—	—	—	(2)	3	—	—
Total assets	$99	$1	$—	$—	$—	$—	$(19)	$3	$84	$—

(a) Reported as other income, net of losses, 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.

Table of Contents

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

	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total gain included in earnings for the three months ended
March 31, 2015 ($ in millions)	Level 1	Level 2	Level 3	Total		
Assets						
Loans held-for-sale						
Automotive	$—	$—	$1,500	$1,500	$ (8)	n/m (a)
Mortgage	—	—	28	28	(5)	n/m (a)
Other	—	—	17	17	—	n/m (a)
Total loans held-for-sale	—	—	1,545	1,545	(13)	n/m (a)
Commercial finance receivables and loans, net (b)						
Automotive	—	—	26	26	(7)	n/m (a)
Other	—	—	18	18	(8)	n/m (a)
Total commercial finance receivables and loans, net	—	—	44	44	(15)	n/m (a)
Other assets						
Repossessed and foreclosed assets (c)	—	—	8	8	(2)	n/m (a)
Other	—	—	2	2	—	n/m (a)
Total assets	$—	$—	$1,599	$1,599	$ (30)	n/m (a)

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 2015. 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.

	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the three months ended
March 31, 2014 ($ in millions)	Level 1	Level 2	Level 3	Total		
Assets						
Commercial finance receivables and loans, net (a)						
Automotive	$—	$—	$31	$31	$ (6)	n/m (b)
Other	—	—	53	53	(20)	n/m (b)
Total commercial finance receivables and loans, net	—	—	84	84	(26)	n/m (b)
Other assets						

Repossessed and foreclosed assets (c)	—	—	11	11	1	n/m	(b)
Other	—	—	2	2	—	n/m	(b)
Total assets	$—	$—	$97	$97	$ (25)	n/m	

n/m = not meaningful

(a) Represents the portion of the portfolio specifically impaired during 2014. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

(b) 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.

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

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

March 31, 2015 ($ in millions)	Level 3 nonrecurring measurements	Valuation technique	Unobservable input	Weighted average/range
Assets				
Automotive loans held-for-sale, net	$1,500	Discounted cash flow	Prepayment rate	1.30%
			Gross loss	0-4.80%
			Credit spread	0.58%

Fair Value Option for Financial Assets

We elected the fair value option for an insignificant amount of conforming and government-insured mortgage loans held-for-sale. We elected the fair value option to mitigate earnings volatility by better matching the accounting for the assets with the related hedges. Our intent in electing fair value measurement was to mitigate a divergence between accounting losses and economic exposure for certain assets and liabilities.

Fair Value of Financial Instruments

The following table presents the carrying and estimated fair value of financial instruments, except for those recorded at fair value on a recurring basis presented in the previous section of this note titled Recurring Fair Value. When possible, we use quoted market prices to determine fair value. Where quoted market prices are not available, the fair value is internally derived based on appropriate valuation methodologies with respect to the amount and timing of future cash flows and estimated discount rates. However, considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions or estimation methodologies could be material to the estimated fair values. Fair value information presented herein was based on information available at March 31, 2015 and December 31, 2014.

		Estimated fair value			
($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total
March 31, 2015					
Financial assets					
Loans held-for-sale, net	$1,559	$—	$—	$1,561	$1,561
Finance receivables and loans, net	98,924	—	—	99,781	99,781
Nonmarketable equity investments	213	—	188	32	220
Financial liabilities					
Deposit liabilities	$60,875	$—	$—	$61,504	$61,504
Short-term borrowings	6,447	—	—	6,447	6,447
Long-term debt	65,760	—	24,376	43,889	68,265
December 31, 2014					
Financial assets					
Loans held-for-sale, net	$2,003	$—	$485	$1,554	$2,039
Finance receivables and loans, net	98,971	—	—	99,430	99,430
Nonmarketable equity investments	271	—	246	33	279
Financial liabilities					
Deposit liabilities	$58,222	$—	$—	$58,777	$58,777
Short-term borrowings	7,062	—	—	7,063	7,063
Long-term debt	66,558	—	25,224	44,084	69,308

The following describes the methodologies and assumptions used to determine fair value for the significant classes of financial instruments. In addition to the valuation methods discussed below, we also followed guidelines for determining whether a market was not active and a transaction was not distressed. As such, we assumed the price that would be received in an orderly transaction (including a market-based return) and not in forced liquidation or distressed sale.

- Cash and cash equivalents — Included in cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value due to interest rate, quoted price, or penalty

on withdrawal. Classified as Level 1 under the fair value hierarchy, cash and cash equivalents generally expose us to limited credit risk and have no stated maturities or have short-term maturities and carry interest rates that approximate market. As such, the carrying value approximates the fair value of these instruments.

- Loans held-for-sale, net — Loans held-for-sale classified as Level 3 include all loans valued using internally developed valuation models because observable market prices were not available. We based our valuation of automotive loans held-for-sale on internally developed discounted cash flow models (an income approach). These valuation models estimate the exit price we expect to receive in the loan's principal market, which, depending on characteristics of the loans, may be the whole-loan market or the securitization market. Although we utilize and give priority to market observable inputs, such as interest rates and market spreads within these models, we are typically required to utilize internal inputs, such as prepayment speeds (absolute prepayment model, or ABS), gross loss range by loan segment (percentage of receivable balance lost in the event of default), and credit spreads (the risk premium component added to observed benchmark rate to determine the discount rate used in the discounted cash flow model). While numerous controls exist to calibrate, corroborate, and validate these internal inputs, these internal inputs require the use of judgment and can have a significant impact on the determination of the loan's value. Accordingly, we classified all automotive loans held-for-sale as Level 3. Loans held-for-sale classified as Level 2 as of December 31, 2014 represent mortgage TDR loans valued using quoted prices in active markets for similar assets.
- Finance receivables and loans, net — With the exception of mortgage loans held-for-investment, the fair value of finance receivables and loans was based on discounted future cash flows using applicable spreads to approximate current rates applicable to each category of finance receivables and loans (an income approach using Level 3 inputs). The carrying value of commercial receivables in certain markets and certain automotive and other receivables for which interest rates reset on a short-term basis with applicable market indices are assumed to approximate fair value either because of the short-term nature or because of the interest rate adjustment feature. The fair value of commercial receivables in other markets was based on discounted future cash flows using applicable spreads to approximate current rates applicable to similar assets in those markets.

For consumer mortgage loans, we used valuation methods and assumptions similar to those used for mortgage loans held-for-sale. These valuations consider unique attributes of the loans such as geography, delinquency status, product type, and other factors. Refer to the section above titled Loans held-for-sale, net, for a description of methodologies and assumptions used to determine the fair value of mortgage loans held-for-sale.

- Deposit liabilities — Deposit liabilities represent certain consumer and brokered bank deposits, mortgage escrow deposits, and dealer deposits. The fair value of deposits at Level 3 were estimated by discounting projected cash flows based on discount factors derived from the forward interest rate swap curve.
- Short-term borrowings and Long-term debt — Level 2 debt was valued using quoted market prices for similar instruments, when available, or other means for substantiation with observable inputs. Debt valued using internally derived inputs, such as prepayment speeds and discount rates, was classified as Level 3.

23. Offsetting Assets and Liabilities

Our qualifying master netting agreements are written, legally enforceable bilateral agreements that (1) create a single legal obligation for all individual transactions covered by the agreement to the non-defaulting entity upon an event of default of the counterparty, including bankruptcy, insolvency, or similar proceeding, and (2) provide the non-defaulting entity the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set off collateral promptly upon an event of default of the counterparty. In certain instances we have the option to report financial instruments that are subject to a qualifying master netting agreement on a net basis. However, we have elected to report these instruments as gross assets and liabilities on the Condensed Consolidated Balance Sheet.

To further mitigate the risk of counterparty default related to derivative instruments, 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, such that the net replacement cost of the non-defaulting party is covered in the event of counterparty default.

Table of Contents

The composition of offsetting derivative instruments, financial assets, and financial liabilities was as follows.

March 31, 2015 ($ in millions)	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Assets/(Liabilities) Presented in the Condensed Consolidated Balance Sheet	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
				Financial Instruments	Collateral (a) (b)	Net Amount
Assets						
Derivative assets in net asset positions	$ 261	$—	$ 261	$(72)	$(102)	$87
Derivative assets in net liability positions	54	—	54	(54)	—	—
Total derivative assets (c)	315	—	315	(126)	(102)	87
Reverse repurchase, securities borrowing, and similar arrangements	50	—	50	—	—	50
Total assets	$ 365	$—	$ 365	$(126)	$(102)	$137
Liabilities						
Derivative liabilities in net liability positions	$ (186)	$—	$ (186)	$54	$68	$(64)
Derivative liabilities in net asset positions	(72)	—	(72)	72	—	—
Derivative liabilities with no offsetting arrangements	(10)	—	(10)	—	—	(10)
Total derivative liabilities (c)	(268)	—	(268)	126	68	(74)
Securities sold under agreements to repurchase (d)	(2,166)	—	(2,166)	—	2,166	—
Total liabilities	$ (2,434)	$—	$ (2,434)	$126	$2,234	$(74)

(a) Financial collateral received/pledged shown as a balance based on the sum of all net asset and liability positions between Ally and each individual derivative counterparty.

(b) Amounts disclosed are limited to the financial asset or liability balance and, accordingly, exclude excess collateral received or pledged. As of March 31, 2015, $10 million of derivative non-cash collateral received and $50 million of non-cash collateral related to the reverse repurchase agreement were excluded. We do not record such collateral received on our Condensed Consolidated Balance Sheet unless certain conditions are met.

(c) For additional information on derivative instruments and hedging activities, refer to Note 20.

(d) For additional information on securities sold under agreements to repurchase, refer to Note 13.

Table of Contents

December 31, 2014 ($ in millions)	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset in the Condensed Consolidated Balance Sheet	Net Amounts of Assets/(Liabilities) Presented in the Condensed Consolidated Balance Sheet	Gross Amounts Not Offset in the Condensed Consolidated Balance Sheet		
				Financial Instruments	Collateral (a)	Net Amount
Assets						
Derivative assets in net asset positions	$ 216	$ —	$ 216	$ (60)	$ (68)	$ 88
Derivative assets in net liability positions	47	—	47	(47)	—	—
Total assets (b)	$ 263	$ —	$ 263	$ (107)	$ (68)	$ 88
Liabilities						
Derivative liabilities in net liability positions	$ (188)	$ —	$ (188)	$ 47	$ 54	$ (87)
Derivative liabilities in net asset positions	(60)	—	(60)	60	—	—
Derivative liabilities with no offsetting arrangements	(4)	—	(4)	—	—	(4)
Total derivative liabilities (b)	(252)	—	(252)	107	54	(91)
Securities sold under agreements to repurchase (c)	(774)	—	(774)	—	774	—
Total liabilities	$ (1,026)	$ —	$ (1,026)	$ 107	$ 828	$ (91)

(a) Financial collateral received/pledged shown as a balance based on the sum of all net asset and liability positions between Ally and each individual derivative counterparty.
(b) For additional information on derivative instruments and hedging activities, refer to Note 20.
(c) For additional information on securities sold under agreements to repurchase, refer to Note 13.

24. Segment and Geographic Information

Operating segments are defined as components of an enterprise that engage in business activity from which revenues are earned and expenses incurred for which discrete financial information is available that is evaluated regularly by our chief operating decision maker in deciding how to allocate resources and in assessing performance.

We report our results of operations on a line-of-business basis through three operating segments: Automotive Finance operations, Insurance operations, and Mortgage operations, with the remaining activity reported in Corporate and Other. The operating segments are determined based on the products and services offered, and reflect the manner in which financial information is currently evaluated by management. The following is a description of each of our reportable operating segments.

Automotive Finance operations — Provides automotive financing services to consumers and automotive dealers. Our automotive financing services include providing retail installment sales financing, loans, and leases; offering term loans to dealers, financing dealer floorplans and other lines of credit to dealers; fleet financing, and vehicle remarketing services.

Insurance operations — Offers both consumer financial and insurance products sold primarily through the automotive dealer channel, and commercial insurance products sold to dealers. As part of our focus on offering dealers a broad range of consumer financial and insurance products, we provide vehicle service contracts, maintenance coverage, and guaranteed automobile protection (GAP) products. We also underwrite selected commercial insurance coverages,

which primarily insure dealers' vehicle inventories.
Mortgage operations — Our ongoing Mortgage operations include the management of our held-for-investment and held-for-sale mortgage portfolios.
Corporate and Other primarily consists of Corporate Finance, centralized corporate treasury activities, such as management of the cash and corporate investment securities portfolios, short- and long-term debt, retail and brokered deposit liabilities, derivative instruments, the amortization of the discount associated with debt issuances and bond exchanges, and the residual impacts of our corporate funds-transfer pricing (FTP) and treasury asset liability management (ALM) activities. Corporate and Other also includes certain equity investments, overhead that was previously allocated to operations that have since been sold or classified as discontinued operations, and reclassifications and eliminations between the reportable operating segments.
We utilize an FTP methodology for the majority of our business operations. The FTP methodology assigns charge rates and credit rates to classes of assets and liabilities based on expected duration and the LIBOR swap curve plus an assumed credit spread. Matching duration allocates interest income and interest expense to these reportable segments so their respective results are insulated from interest rate risk. This methodology is consistent with our ALM practices, which includes managing interest rate risk centrally at a corporate level. The net residual impact of the FTP methodology is included within the results of Corporate and Other.

The information presented in our reportable operating segments and geographic areas tables that follow are based in part on internal allocations, which involve management judgment.
Financial information for our reportable operating segments is summarized as follows.

Three months ended March 31, ($ in millions)	Automotive Finance operations	Insurance operations	Mortgage operations	Corporate and Other (a)	Consolidated (b)
2015					
Net financing revenue	$809	$12	$15	$14	$850
Other revenue (loss)	52	268	68	(145)	243
Total net revenue (loss)	861	280	83	(131)	1,093
Provision for loan losses	127	—	(5)	(6)	116
Total noninterest expense	403	202	19	71	695
Income (loss) from continuing operations before income tax expense	$331	$78	$69	$(196)	$282
Total assets	$111,149	$7,242	$7,694	$27,439	$153,524
2014					
Net financing revenue (loss)	$820	$15	$14	$(28)	$821
Other revenue (loss)	64	272	4	(19)	321
Total net revenue (loss)	884	287	18	(47)	1,142
Provision for loan losses	159	—	(23)	1	137
Total noninterest expense	386	213	24	90	713
Income (loss) from continuing operations before income tax expense	$339	$74	$17	$(138)	$292
Total assets	$109,307	$7,184	$7,937	$24,024	$148,452

(a) Total assets for Corporate Finance were $2.0 billion and $1.7 billion at March 31, 2015 and 2014, respectively.
(b) Net financing revenue after the provision for loan losses totaled $734 million and $684 million for the three months ended March 31, 2015 and 2014, respectively.

Information concerning principal geographic areas was as follows.

Three months ended March 31, ($ in millions)	Revenue (a)	Income from continuing operations before income tax expense (b)	Net income (b) (c)
2015			
Canada	$24	$11	$8
Europe	1	4	11
Asia-Pacific	—	—	452
Total foreign (d)	25	15	471
Total domestic (e)	1,068	267	105
Total	$1,093	$282	$576
2014			
Canada	$31	$13	$10
Europe	2	2	3
Asia-Pacific	—	—	33
Total foreign	33	15	46
Total domestic (e)	1,109	277	181
Total	$1,142	$292	$227

(a) Revenue consists of net financing revenue and total other revenue as presented in our Condensed Consolidated Financial Statements.
(b) Domestic amounts include original discount amortization of $14 million and $48 million for the three months ended March 31, 2015 and 2014, respectively.
(c) Gain (loss) realized on sale of discontinued operations are allocated to the geographic area in which the business operated.
(d) Our foreign operations as of March 31, 2015 consist of our ongoing Insurance operations in Canada and our remaining international entities in wind-down.
(e) Amounts include eliminations between our domestic and foreign operations.

25. Parent and Guarantor Condensed Consolidating Financial Statements

Certain of our senior notes issued by the parent are guaranteed by 100% directly owned subsidiaries of Ally (the Guarantors). As of March 31, 2015, the Guarantors include Ally US LLC and IB Finance, each of which fully and unconditionally guarantee the senior notes on a joint and several basis.

The following financial statements present condensed consolidating financial data for (i) Ally Financial Inc. (on a parent company-only basis); (ii) the Guarantors; (iii) the nonguarantor subsidiaries (all other subsidiaries); and (iv) an elimination column for adjustments to arrive at (v) the information for the parent company, the Guarantors, and nonguarantors on a consolidated basis.

Investments in subsidiaries are accounted for by the parent company and the Guarantors using the equity-method for this presentation. Results of operations of subsidiaries are therefore classified in the parent company’s and Guarantors’ investment in subsidiaries accounts. The elimination entries set forth in the following condensed consolidating financial statements eliminate distributed and undistributed income of subsidiaries, investments in subsidiaries, and intercompany balances and transactions between the parent, the Guarantors, and nonguarantors.

Condensed Consolidating Statements of Comprehensive Income

Three months ended March 31, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					

Interest and fees on finance receivables and loans	$4	$—	$ 1,070	$ —	$ 1,074
Interest and fees on finance receivables and loans — intercompany	10	—	16	(26)	—
Interest on loans held-for-sale	—	—	24	—	24
Interest and dividends on available-for-sale investment securities	—	—	88	—	88
Interest-bearing cash	—	—	2	—	2
Interest-bearing cash — intercompany	—	—	2	(2)	—
Operating leases	—	—	896	—	896
Total financing revenue and other interest income	14	—	2,098	(28)	2,084
Interest expense					
Interest on deposits	3	—	169	—	172
Interest on short-term borrowings	10	—	1	—	11
Interest on long-term debt	292	—	137	—	429
Interest on intercompany debt	19	—	9	(28)	—
Total interest expense	324	—	316	(28)	612
Depreciation expense on operating lease assets	—	—	622	—	622
Net financing (loss) revenue	(310)	—	1,160	—	850
Dividends from subsidiaries					
Bank subsidiary	125	125	—	(250)	—
Nonbank subsidiaries	238	—	—	(238)	—
Other revenue					
Servicing fees	279	—	204	(473)	10
Insurance premiums and service revenue earned	—	—	233	—	233
(Loss) gain on mortgage and automotive loans, net	(8)	—	54	—	46
Loss on extinguishment of debt	(197)	—	(1)	—	(198)
Other gain on investments, net	—	—	55	—	55
Other income, net of losses	72	—	152	(127)	97
Total other revenue	146	—	697	(600)	243
Total net revenue	199	125	1,857	(1,088)	1,093
Provision for loan losses	100	—	16	—	116
Noninterest expense					
Compensation and benefits expense	154	—	225	(124)	255
Insurance losses and loss adjustment expenses	—	—	56	—	56
Other operating expenses	310	—	550	(476)	384
Total noninterest expense	464	—	831	(600)	695
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(365)	125	1,010	(488)	282
Income tax (benefit) expense from continuing operations	(115)	—	218	—	103
Net (loss) income from continuing operations	(250)	125	792	(488)	179
Income from discontinued operations, net of tax	387	—	10	—	397
Undistributed income of subsidiaries					
Bank subsidiary	180	180	—	(360)	—
Nonbank subsidiaries	259	—	—	(259)	—

Net income	576	305	802	(1,107)	576
Other comprehensive income, net of tax	31	42	47	(89)	31
Comprehensive income	$607	$347	$849	$(1,196)	$607

48

Three months ended March 31, 2014 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(9)	$—	$1,116	$—	$1,107
Interest and fees on finance receivables and loans — intercompany	11	—	21	(32)	—
Interest and dividends on available-for-sale investment securities	—	—	95	—	95
Interest-bearing cash	—	—	3	—	3
Interest-bearing cash - intercompany	—	—	1	(1)	—
Operating leases	91	—	779	—	870
Total financing revenue and other interest income	93	—	2,015	(33)	2,075
Interest expense					
Interest on deposits	4	—	159	—	163
Interest on short-term borrowings	11	—	4	—	15
Interest on long-term debt	388	—	146	—	534
Interest on intercompany debt	22	—	11	(33)	—
Total interest expense	425	—	320	(33)	712
Depreciation expense on operating lease assets	65	—	477	—	542
Net financing (loss) revenue	(397)	—	1,218	—	821
Dividends from subsidiaries					
Nonbank subsidiaries	121	—	—	(121)	—
Other revenue					
Servicing fees	9	—	—	—	9
Insurance premiums and service revenue earned	—	—	241	—	241
Loss on extinguishment of debt	(39)	—	—	—	(39)
Other gain on investments, net	—	—	43	—	43
Other income, net of losses	186	—	336	(455)	67
Total other revenue	156	—	620	(455)	321
Total net (loss) revenue	(120)	—	1,838	(576)	1,142
Provision for loan losses	48	—	89	—	137
Noninterest expense					
Compensation and benefits expense	154	—	226	(126)	254
Insurance losses and loss adjustment expenses	—	—	68	—	68
Other operating expenses	176	—	544	(329)	391
Total noninterest expense	330	—	838	(455)	713
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(498)	—	911	(121)	292
Income tax (benefit) expense from continuing operations	(114)	—	208	—	94
Net (loss) income from continuing operations	(384)	—	703	(121)	198
	29	—	—	—	29

Income from discontinued operations, net of tax					
Undistributed income of subsidiaries					
Bank subsidiary	239	239	—	(478)	—
Nonbank subsidiaries	343	1	—	(344)	—
Net income	227	240	703	(943)	227
Other comprehensive income, net of tax	92	69	86	(155)	92
Comprehensive income	$319	$309	$789	$(1,098)	$ 319

49

Condensed Consolidating Balance Sheet

March 31, 2015 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$945	$—	$607	$—	$ 1,552
Interest-bearing	1,700	—	4,384	—	6,084
Interest-bearing — intercompany	—	—	617	(617)	—
Total cash and cash equivalents	2,645	—	5,608	(617)	7,636
Federal funds sold and securities purchased under resale agreements	—	—	50	—	50
Investment securities	—	—	17,829	—	17,829
Loans held-for-sale, net	—	—	1,559	—	1,559
Finance receivables and loans, net					
Finance receivables and loans, net	6,034	—	93,823	—	99,857
Intercompany loans to					
Bank subsidiary	700	—	—	(700)	—
Nonbank subsidiaries	1,745	—	1,566	(3,311)	—
Allowance for loan losses	(129)	—	(804)	—	(933)
Total finance receivables and loans, net	8,350	—	94,585	(4,011)	98,924
Investment in operating leases, net	—	—	19,021	—	19,021
Intercompany receivables from					
Bank subsidiary	493	—	—	(493)	—
Nonbank subsidiaries	254	—	406	(660)	—
Investment in subsidiaries					
Bank subsidiary	16,171	16,171	—	(32,342)	—
Nonbank subsidiaries	11,255	12	—	(11,267)	—
Premiums receivable and other insurance assets	—	—	1,742	(20)	1,722
Other assets	4,835	—	4,662	(2,714)	6,783
Total assets	$44,003	$16,183	$145,462	$(52,124)	$ 153,524
Liabilities					
Deposit liabilities					
Noninterest-bearing	$—	$—	$79	$—	$ 79
Interest-bearing	310	—	60,486	—	60,796
Total deposit liabilities	310	—	60,565	—	60,875
Short-term borrowings	3,481	—	2,966	—	6,447
Long-term debt	20,774	—	44,986	—	65,760
Intercompany debt to					
Nonbank subsidiaries	2,183	—	2,445	(4,628)	—
Intercompany payables to					
Bank subsidiary	187	—	—	(187)	—
Nonbank subsidiaries	437	—	550	(987)	—
Interest payable	227	—	213	—	440
Unearned insurance premiums and service revenue	—	—	2,374	—	2,374

Accrued expenses and other liabilities	470	82	3,856	(2,714)	1,694
Total liabilities	28,069	82	117,955	(8,516)	137,590
Total equity	15,934	16,101	27,507	(43,608)	15,934
Total liabilities and equity	$44,003	$16,183	$145,462	$ (52,124)	$ 153,524

(a) Amounts presented are based upon the legal transfer of the underlying assets to VIEs in order to reflect legal ownership.

December 31, 2014 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$986	$—	$362	$—	$ 1,348
Interest-bearing	1,300	—	2,928	—	4,228
Interest-bearing — intercompany	—	—	615	(615)	—
Total cash and cash equivalents	2,286	—	3,905	(615)	5,576
Investment securities	—	—	16,137	—	16,137
Loans held-for-sale, net	3	—	2,000	—	2,003
Finance receivables and loans, net					
Finance receivables and loans, net	4,225	—	95,723	—	99,948
Intercompany loans to					
Bank subsidiary	625	—	—	(625)	—
Nonbank subsidiaries	3,500	—	1,770	(5,270)	—
Allowance for loan losses	(102)	—	(875)	—	(977)
Total finance receivables and loans, net	8,248	—	96,618	(5,895)	98,971
Investment in operating leases, net	—	—	19,510	—	19,510
Intercompany receivables from					
Bank subsidiary	219	—	—	(219)	—
Nonbank subsidiaries	267	—	393	(660)	—
Investment in subsidiaries					
Bank subsidiary	15,967	15,967	—	(31,934)	—
Nonbank subsidiaries	11,559	12	—	(11,571)	—
Premiums receivable and other insurance assets	—	—	1,717	(22)	1,695
Other assets	4,889	—	4,879	(2,466)	7,302
Assets of operations held-for-sale	634	—	̵		