Ally Financial Inc.
Form 10-Q
July 30, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended June 30, 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 (Do not check if a smaller reporting company)	Smaller reporting company o

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

At July 29, 2015, the number of shares outstanding of the Registrant's common stock was 481,750,247 shares.

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Item 1. Financial Statements

Condensed Consolidated Statement of Comprehensive Income (unaudited)

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	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	$1,118	$1,124	$2,192	$2,231
Interest on loans held-for-sale	14	1	38	1
Interest and dividends on available-for-sale investment securities	93	93	181	188
Interest-bearing cash and cash equivalents	2	1	4	4
Operating leases	860	884	1,756	1,754
Total financing revenue and other interest income	2,087	2,103	4,171	4,178
Interest expense				
Interest on deposits	177	166	349	329
Interest on short-term borrowings	12	13	23	28
Interest on long-term debt	419	549	848	1,083
Total interest expense	608	728	1,220	1,440
Depreciation expense on operating lease assets	563	509	1,185	1,051
Net financing revenue	916	866	1,766	1,687
Other revenue				
Servicing fees	10	7	20	16
Insurance premiums and service revenue earned	237	249	470	490
Gain on mortgage and automotive loans, net	1	6	47	6
Loss on extinguishment of debt	(156)	(7)	(354)	(46)
Other gain on investments, net	45	41	100	84
Other income, net of losses	74	69	171	136
Total other revenue	211	365	454	686
Total net revenue	1,127	1,231	2,220	2,373
Provision for loan losses	140	63	256	200
Noninterest expense				
Compensation and benefits expense	236	215	491	469
Insurance losses and loss adjustment expenses	122	188	178	256
Other operating expenses	366	418	750	809
Total noninterest expense	724	821	1,419	1,534
Income from continuing operations before income tax expense	263	347	545	639
Income tax expense from continuing operations	94	64	197	158
Net income from continuing operations	169	283	348	481
Income from discontinued operations, net of tax	13	40	410	69
Net income	182	323	758	550
Other comprehensive (loss) income, net of tax	(148)	89	(117)	181
Comprehensive income	$34	$412	$641	$731

Statement continues on the next page.

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

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Condensed Consolidated Statement of Comprehensive Income (unaudited)
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	Three months ended June 30,		Six months ended June 30,	
(in dollars) (a)	2015	2014	2015	2014
Basic earnings per common share				
Net (loss) income from continuing operations	$(2.24)	$0.45	$(2.01)	$0.73
Income from discontinued operations, net of tax	0.03	0.09	0.85	0.14
Net (loss) income	$(2.22)	$0.54	$(1.16)	$0.87
Diluted earnings per common share				
Net (loss) income from continuing operations	$(2.24)	$0.45	$(2.01)	$0.73
Income from discontinued operations, net of tax	0.03	0.09	0.85	0.14
Net (loss) income	$(2.22)	$0.54	$(1.16)	$0.87

(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, including the impact of preferred stock dividends recognized in connection with the partial redemption of the Series G Preferred Stock and the repurchase of the Series A Preferred Stock. The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Balance Sheet (unaudited)
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($ in millions, except share data)	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents		
Noninterest-bearing	$1,739	$1,348
Interest-bearing	4,119	4,228
Total cash and cash equivalents	5,858	5,576
Investment securities (Refer to Note 5 for discussion of investment securities pledged as collateral)	19,142	16,137
Loans held-for-sale, net	1,438	2,003
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income	105,173	99,948
Allowance for loan losses	(974)	(977)
Total finance receivables and loans, net	104,199	98,971
Investment in operating leases, net	17,950	19,510
Premiums receivable and other insurance assets	1,759	1,695
Other assets	6,126	7,302
Assets of operations held-for-sale	—	634
Total assets	$156,472	$151,828
Liabilities		
Deposit liabilities		
Noninterest-bearing	$89	$64
Interest-bearing	61,858	58,158
Total deposit liabilities	61,947	58,222
Short-term borrowings	10,013	7,062
Long-term debt	65,852	66,558
Interest payable	418	477
Unearned insurance premiums and service revenue	2,417	2,375
Accrued expenses and other liabilities	1,530	1,735
Total liabilities	142,177	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 482,549,997 and 480,136,039; and outstanding 481,750,247 and 480,094,891)	21,069	21,038
Preferred stock	813	1,255
Accumulated deficit	(7,388)	(6,828)
Accumulated other comprehensive loss	(183)	(66)
Treasury stock, at cost (799,750 shares)	(16)	—
Total equity	14,295	15,399
Total liabilities and equity	$156,472	$151,828

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

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Condensed Consolidated Balance Sheet (unaudited)
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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)	June 30, 2015	December 31, 2014
Assets		
Finance receivables and loans, net		
Finance receivables and loans, net of unearned income	$27,353	$ 30,081
Allowance for loan losses	(177)	(179)
Total finance receivables and loans, net	27,176	29,902
Investment in operating leases, net	6,650	5,595
Other assets	1,332	2,010
Total assets	$35,158	$ 37,507
Liabilities		
Long-term debt	$22,775	$ 24,343
Accrued expenses and other liabilities	29	173
Total liabilities	$22,804	$ 24,516

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

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Condensed Consolidated Statement of Changes in Equity (unaudited)
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($ in millions)	Common stock and paid-in capital	Preferred stock	Accumulated deficit	Accumulated other comprehensive (loss) income	Treasury stock	Total equity
Balance at January 1, 2014	$20,939	$1,255	$(7,710)	$(276)	$—	$14,208
Net income			550			550
Preferred stock dividends			(133)			(133)
Share-based compensation	72					72
Other comprehensive income				181		181
Balance at June 30, 2014	$21,011	$1,255	$(7,293)	$(95)	$—	$14,878
Balance at January 1, 2015	$21,038	$1,255	$(6,828)	$(66)	$—	$15,399
Net income			758			758
Preferred stock dividends			(1,318) (a)			(1,318)
Series A preferred stock repurchase		(325)				(325)
Series G preferred stock redemption		(117)				(117)
Share-based compensation	31					31
Other comprehensive loss				(117)		(117)
Share repurchases related to employee stock-based compensation awards					(16)	(16)
Balance at June 30, 2015	$21,069	$813	$(7,388)	$(183)	$(16)	$14,295

(a) Preferred stock dividends include $1,193 million recognized in connection with the partial redemption of the Series G Preferred Stock and the repurchase of the Series A Preferred Stock. These dividends represent an additional return to preferred shareholders calculated as the excess consideration paid over the carrying amount derecognized. Refer to Note 16 for additional preferred stock information.

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

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Condensed Consolidated Statement of Cash Flows (unaudited)
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Six months ended June 30, ($ in millions)	2015	2014
Operating activities		
Net income	$758	$550
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	1,466	1,415
Provision for loan losses	256	200
Gain on mortgage and automotive loans, net	(47)	(6)
Other gain on investments, net	(100)	(84)
Loss on extinguishment of debt	354	46
Originations and purchases of loans held-for-sale	(1,528)	—
Proceeds from sales and repayments of loans originated as held-for-sale	496	59
Impairment and settlement related to Residential Capital, LLC	—	(150)
(Gain) loss on sale of subsidiaries, net	(452)	7
Net change in		
Deferred income taxes	258	117
Interest payable	(59)	(359)
Other assets	532	150
Other liabilities	(217)	(428)
Other, net	26	(4)
Net cash provided by operating activities	1,743	1,513
Investing activities		
Purchases of available-for-sale securities	(8,165)	(2,411)
Proceeds from sales of available-for-sale securities	2,865	2,144
Proceeds from maturities and repayment of available-for-sale securities	2,192	1,136
Net increase in finance receivables and loans	(5,471)	(736)
Proceeds from sales of finance receivables and loans	1,582	—
Purchases of operating lease assets	(2,348)	(5,182)
Disposals of operating lease assets	2,709	2,993
Proceeds from sale of business units, net (a)	1,049	47
Net change in restricted cash	449	2,060
Other, net	(54)	39
Net cash (used in) provided by investing activities	(5,192)	90

Statement continues on the next page.

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

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Condensed Consolidated Statement of Cash Flows (unaudited)
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Six months ended June 30, ($ in millions)	2015	2014
Financing activities		
Net change in short-term borrowings	2,945	(2,181)
Net increase in deposits	3,724	2,741
Proceeds from issuance of long-term debt	17,807	14,956
Repayments of long-term debt	(18,984)	(16,739)
Repurchase and redemption of preferred stock	(442)	—
Dividends paid on preferred stock	(1,318)	(134)
Net cash provided by (used in) financing activities	3,732	(1,357)
Effect of exchange-rate changes on cash and cash equivalents	(1)	—
Net increase in cash and cash equivalents	282	246
Cash and cash equivalents at beginning of year	5,576	5,531
Cash and cash equivalents at June 30,	$5,858	$5,777
Supplemental disclosures		
Cash paid for		
Interest	$1,250	$1,730
Income taxes	97	—
Noncash items		
Finance receivables and loans transferred to loans held-for-sale	72	40
Other disclosures		
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	54	20

(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.

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Notes to Condensed Consolidated Financial Statements (unaudited)
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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 June 30, 2015, and for the three months and six months ended June 30, 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 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 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. On July 9, 2015, the FASB voted to delay the effective date of this guidance and to allow early adoption as of the original effective date. These changes would move the effective date for us to January 1, 2018. An ASU that incorporates these changes is expected to be issued by the end of the third quarter 2015. 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.

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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 June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Select Automotive Finance operations				
Total net revenue	$—	$33	$—	$66
Pretax (loss) income including direct costs to transact a sale (a)	(5)	25	453	55
Tax expense (b)	—	5	65	4
Other operations				
Pretax income	$18	$22	$20	$20
Tax expense (benefit)	—	2	(2)	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 June 30, 2015.

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3. Other Income, Net of Losses

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Remarketing fees	$25	$29	$53	$57
Late charges and other administrative fees	21	20	43	43
Income from equity-method investments	4	4	37	8
Other, net	24	16	38	28
Total other income, net of losses	$74	$69	$171	$136

4. Other Operating Expenses

Details of other operating expenses were as follows.

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Insurance commissions	$95	$93	$188	$183
Technology and communications	64	93	133	178
Lease and loan administration	32	32	61	60
Advertising and marketing	23	25	54	54
Professional services	25	25	45	53
Premises and equipment depreciation	22	19	42	38
Regulatory and licensing fees	20	19	41	46
Vehicle remarketing and repossession	18	21	37	39
Occupancy	13	12	24	23
Non-income taxes	7	10	15	20
Other	47	69	110	115
Total other operating expenses	$366	$418	$750	$809

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Notes to Condensed Consolidated Financial Statements (unaudited)
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5. Investment Securities

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

	June 30, 2015				December 31, 2014			
($ in millions)	Amortized cost	Gross unrealized gains	losses	Fair value	Amortized cost	Gross unrealized gains	losses	Fair value
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$2,203	$1	$(29)	$2,175	$1,195	$1	$(18)	$1,178
U.S. States and political subdivisions	562	12	(5)	569	389	17	—	406
Foreign government	191	9	—	200	224	8	—	232
Mortgage-backed residential (a)	11,704	85	(149)	11,640	10,431	119	(125)	10,425
Mortgage-backed commercial	458	—	(1)	457	254	—	(1)	253
Asset-backed	2,053	4	(2)	2,055	1,989	5	(3)	1,991
Corporate debt	1,054	12	(8)	1,058	734	14	(2)	746
Total debt securities (b) (c)	18,225	123	(194)	18,154	15,216	164	(149)	15,231
Equity securities	1,040	11	(63)	988	891	49	(34)	906
Total available-for-sale securities	$19,265	$134	$(257)	$19,142	$16,107	$213	$(183)	$16,137

(a) Residential mortgage-backed securities include agency-backed bonds totaling $8,500 million and $7,557 million at June 30, 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 both June 30, 2015, and December 31, 2014.

(c) Investment securities with a fair value of $2,170 million and $801 million at June 30, 2015, and December 31, 2014, were pledged to secure short-term borrowings or repurchase agreements and for other purposes as required by contractual obligation or law. Under these agreements, Ally has granted the counterparty the right to sell or pledge the underlying investment securities.

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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
June 30, 2015										
Fair value of available-for-sale debt securities										
U.S. Treasury and federal agencies	$2,175	1.6 %	$87	0.5 %	$898	1.1 %	$1,190	2.1 %	$—	— %
U.S. States and political subdivisions	569	3.5	24	2.7	25	3.0	110	2.8	410	3.8
Foreign government	200	2.6	6	1.2	100	2.5	94	2.7	—	—
Mortgage-backed residential	11,640	2.8	—	—	44	2.1	8	2.8	11,588	2.8
Mortgage-backed commercial	457	1.7	—	—	—	—	—	—	457	1.7
Asset-backed	2,055	2.1	9	1.1	1,224	1.9	605	2.3	217	2.3
Corporate debt	1,058	2.9	28	3.3	628	2.5	369	3.3	33	5.6
Total available-for-sale debt securities	$18,154	2.6	$154	1.4	$2,919	1.8	$2,376	2.4	$12,705	2.8
Amortized cost of available-for-sale debt securities	$18,225		$154		$2,913		$2,393		$12,765	
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 $1.6 billion and $2.0 billion at June 30, 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 June 30, 2015	2014	Six months ended June 30, 2015	2014
Taxable interest	$82	$83	$162	$169
Taxable dividends	6	7	11	12
Interest and dividends exempt from U.S. federal income tax	5	3	8	7
Interest and dividends on available-for-sale securities	$93	$93	$181	$188

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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 June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Gross realized gains	$46	$42	$106	$102
Gross realized losses	—	(1)	(3)	(8)
Other-than-temporary impairment	(1)	—	(3)	(10)
Other gain on investments, net	$45	$41	$100	$84

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 June 30, 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 June 30, 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 June 30, 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.

	June 30, 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	$1,562	$(24)	$569	$(5)	$297	$(3)	$859	$(15)
U.S. States and political subdivisions	295	(5)	—	—	50	—	—	—
Foreign government	6	—	—	—	—	—	—	—
Mortgage-backed	3,508	(39)	2,504	(111)	1,172	(10)	3,098	(116)
Asset-backed	830	(2)	26	—	819	(3)	8	—
Corporate debt	480	(8)	4	—	132	(2)	11	—
Total temporarily impaired debt securities	6,681	(78)	3,103	(116)	2,470	(18)	3,976	(131)
Temporarily impaired equity securities	719	(56)	29	(7)	231	(24)	40	(10)
Total temporarily impaired available-for-sale securities	$7,400	$(134)	$3,132	$(123)	$2,701	$(42)	$4,016	$(141)

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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)	June 30, 2015	December 31, 2014
Consumer automotive	$1,356	$1,515
Consumer mortgage	46	452
Commercial and industrial — Other	36	36
Total loans held-for-sale, net	$1,438	$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)	June 30, 2015	December 31, 2014
Consumer automotive (a)	$60,786	$56,570
Consumer mortgage (b)(c)	9,212	7,474
Commercial		
Commercial and industrial		
Automotive	29,732	30,871
Other	2,149	1,882
Commercial real estate — Automotive	3,294	3,151
Total commercial	35,175	35,904
Total finance receivables and loans (d)	$105,173	$99,948

(a) Includes $69 million and $35 million of fair value adjustment for loans in hedge accounting relationships at June 30, 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 June 30, 2015, and December 31, 2014, respectively, 12% of which are expected to start principal amortization in the remainder of 2015, 33% in 2016, 21% in 2017, 2% in 2018, and 4% thereafter.

(c) Includes consumer mortgages at a fair value of $1 million at both June 30, 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 $57 million and $266 million at June 30, 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 June 30, 2015 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at April 1, 2015	$711	$119	$103	$933
Charge-offs	(166)	(9)	—	(175)
Recoveries	70	5	—	75
Net charge-offs	(96)	(4)	—	(100)
Provision for loan losses	152	3	(15)	140
Other	—	1	—	1
Allowance at June 30, 2015	$767	$119	$88	$974

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Three months ended June 30, 2014 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at April 1, 2014	$715	$333	$144	$1,192
Charge-offs	(143)	(10)	(4)	(157)
Recoveries	60	2	10	72
Net charge-offs	(83)	(8)	6	(85)
Provision for loan losses	97	(25)	(9)	63
Other	—	2	(1)	1
Allowance at June 30, 2014	$729	$302	$140	$1,171

Six months ended June 30, 2015 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at January 1, 2015	$685	$152	$140	$977
Charge-offs	(359)	(31)	—	(390)
Recoveries	131	8	1	140
Net charge-offs	(228)	(23)	1	(250)
Provision for loan losses	310	(2)	(52)	256
Other (a)	—	(8)	(1)	(9)
Allowance at June 30, 2015	$767	$119	$88	$974
Allowance for loan losses at June 30, 2015				
Individually evaluated for impairment	$22	$50	$19	$91
Collectively evaluated for impairment	745	69	69	883
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost at June 30, 2015				
Ending balance	$60,786	$9,211	$35,175	$105,172
Individually evaluated for impairment	275	265	99	639
Collectively evaluated for impairment	60,511	8,946	35,076	104,533
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.

Six months ended June 30, 2014 ($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at January 1, 2014	$673	$389	$146	$1,208
Charge-offs	(323)	(25)	(5)	(353)
Recoveries	119	5	11	135
Net charge-offs	(204)	(20)	6	(218)
Provision for loan losses	260	(48)	(12)	200
Other (a)	—	(19)	—	(19)
Allowance at June 30, 2014	$729	$302	$140	$1,171
Allowance for loan losses at June 30, 2014				
Individually evaluated for impairment	$26	$192	$15	$233
Collectively evaluated for impairment	703	110	125	938
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost at June 30, 2014				
Ending balance	$58,114	$7,846	$34,817	$100,777
Individually evaluated for impairment	287	925	98	1,310
Collectively evaluated for impairment	57,824	6,921	34,719	99,464
Loans acquired with deteriorated credit quality	3	—	—	3

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

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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 June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Consumer mortgage	$4	$—	$73	$40
Total sales and transfers	$4	$—	$73	$40

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Consumer mortgage	$1,996	$15	$2,650	$15
Total purchases of finance receivables and loans	$1,996	$15	$2,650	$15

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
June 30, 2015						
Consumer automotive	$1,226	$251	$156	$1,633	$59,153	$ 60,786
Consumer mortgage	89	22	96	207	9,004	9,211
Commercial						
Commercial and industrial						
Automotive	—	—	20	20	29,712	29,732
Other	—	—	—	—	2,149	2,149
Commercial real estate — Automotive	—	—	1	1	3,293	3,294
Total commercial	—	—	21	21	35,154	35,175
Total consumer and commercial	$1,315	$273	$273	$1,861	$103,311	$ 105,172
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

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

($ in millions)	June 30, 2015	December 31, 2014
Consumer automotive	$386	$386
Consumer mortgage	157	177
Commercial		
Commercial and industrial		
Automotive	46	32
Other	46	46
Commercial real estate — Automotive	7	4
Total commercial	99	82
Total consumer and commercial finance receivables and loans	$642	$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.

	June 30, 2015			December 31, 2014		
($ in millions)	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer automotive	$60,400	$386	$60,786	$56,184	$386	$56,570
Consumer mortgage	9,054	157	9,211	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.

	June 30, 2015			December 31, 2014		
($ in millions)	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automotive	$28,037	$1,695	$29,732	$29,150	$1,721	$30,871
Other	1,680	469	2,149	1,509	373	1,882
Commercial real estate — Automotive	3,148	146	3,294	3,015	136	3,151
Total commercial	$32,865	$2,310	$35,175	$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.

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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
June 30, 2015					
Consumer automotive	$275	$275	$—	$275	$22
Consumer mortgage	266	265	62	203	50
Commercial					
Commercial and industrial					
Automotive	46	46	18	28	6
Other	46	46	—	46	11
Commercial real estate — Automotive	7	7	4	3	2
Total commercial	99	99	22	77	19
Total consumer and commercial finance receivables and loans	$640	$639	$84	$555	$91
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 tables present average balance and interest income for our impaired finance receivables and loans.

	2015		2014	
Three months ended June 30, ($ in millions)	Average balance	Interest income	Average balance	Interest income
Consumer automotive	$285	$5	$298	$5
Consumer mortgage	259	2	930	7
Commercial				
Commercial and industrial				
Automotive	41	1	68	—
Other	31	—	62	4
Commercial real estate — Automotive	5	—	6	—
Total commercial	77	1	136	4
Total consumer and commercial finance receivables and loans	$621	$8	$1,364	$16

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Six months ended June 30, ($ in millions)	2015 Average balance	2015 Interest income	2014 Average balance	2014 Interest income
Consumer automotive	$287	$9	$297	$9
Consumer mortgage	289	4	928	15
Commercial				
Commercial and industrial				
Automotive	38	1	84	1
Other	37	3	67	4
Commercial real estate — Automotive	5	—	9	—
Total commercial	80	4	160	5
Total consumer and commercial finance receivables and loans	$656	$17	$1,385	$29

Troubled Debt Restructurings

Troubled Debt Restructurings (TDRs) are loan modifications where concessions were granted to borrowers experiencing financial difficulties. 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. Additionally, 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. Refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K for additional information.

Total TDRs recorded at historical cost and reported at carrying value before allowance for loan losses were $565 million and $681 million at June 30, 2015, and December 31, 2014, respectively. The decrease was primarily due to the whole-loan sale of consumer mortgage TDRs during the first quarter of 2015.

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

	2015			2014		
Three months ended June 30, ($ in millions)	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance
Consumer automotive	4,096	$ 64	$ 54	3,961	$ 67	$ 59
Consumer mortgage	76	22	21	95	15	15
Commercial						
Commercial and industrial						
Automotive	—	—	—	—	—	—
Other	—	—	—	—	—	—
Total commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	4,172	$ 86	$ 75	4,056	$ 82	$ 74

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	2015			2014		
Six months ended June 30, ($ in millions)	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance	Number of loans	Pre-modification carrying value before allowance	Post-modification carrying value before allowance
Consumer automotive	8,151	$ 127	$ 107	9,320	$ 151	$ 130
Consumer mortgage	116	29	27	313	64	60
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	8,267	$ 156	$ 134	9,639	$ 286	$ 261

The following tables present 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.

	2015			2014		
Three months ended June 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automotive	1,499	$ 18	$ 10	1,616	$ 20	$ 11
Consumer mortgage	3	—	—	3	—	—
Commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	1,502	$ 18	$ 10	1,619	$ 20	$ 11

	2015			2014		
Six months ended June 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automotive	3,080	$ 37	$ 21	3,230	$ 40	$ 21
Consumer mortgage	7	—	—	5	1	—
Commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	3,087	$ 37	$ 21	3,235	$ 41	$ 21

At June 30, 2015, and December 31, 2014, commercial commitments to lend additional funds to borrowers owing receivables whose terms had been modified in a TDR were $6 million and $4 million, respectively.

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8. Investment in Operating Leases, Net

Investments in operating leases were as follows.

($ in millions)	June 30, 2015	December 31, 2014
Vehicles	$21,895	$23,144
Accumulated depreciation	(3,945)	(3,634)
Investment in operating leases, net	$17,950	$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 June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Depreciation expense on operating lease assets (excluding remarketing gains)	$671	$677	$1,363	$1,328
Remarketing gains	(108)	(168)	(178)	(277)
Depreciation expense on operating lease assets	$563	$509	$1,185	$1,051

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 or leases into nonconsolidated securitization entities for the six months ended June 30, 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 equity investments, including affordable housing entities and venture capital funds and loan funds. We do not consolidate these entities and our involvement is limited to our outstanding investment, additional capital 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.

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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	
June 30, 2015						
On-balance sheet variable interest entities						
Consumer automotive	$29,398	(b)				
Commercial automotive	16,038					
Off-balance sheet variable interest entities						
Consumer automotive	—		$2,212		$2,212	(c)
Commercial other	186	(d)	—	(e)	421	(f)
Total	$45,622		$2,212		$2,633	
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	(f)
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 $10.3 billion and $12.7 billion of assets that are not encumbered by VIE beneficial interests held by third parties at June 30, 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 $202 million and $164 million classified as other assets, offset by $16 million and $18 million classified as accrued expenses and other liabilities at June 30, 2015, and December 31, 2014, respectively.

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

(f) For certain nonconsolidated affordable housing entities, maximum exposure to loss represents the yield we guaranteed investors through long term guarantee contracts. The amount disclosed is based on the unlikely event that the underlying properties cease generating yield to investors and the yield delivered to investors in the form of low income tax housing credits is recaptured. For nonconsolidated equity investments, maximum exposure to loss represents our outstanding investment, additional committed capital, and low income housing tax credits subject to recapture. The amount disclosed is based on the unlikely event that our committed capital is funded, our investments become worthless, and the tax credits previously delivered to us are recaptured. This required disclosure is not an indication of our expected loss.

Cash Flows with Off-balance Sheet Variable Interest Entities

The following table summarizes cash flows received and paid related to securitization entities 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 six months ended June 30, 2015 and 2014. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that

existed during each period.

Six months ended June 30, ($ in millions)	Consumer automotive	Consumer mortgage
2015		
Servicing fees	$13	$—
2014		
Servicing fees	$4	$—
Representations and warranties obligations	—	(9)

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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 tables present quantitative information about delinquencies and net credit losses.

	Total Amount		Amount 60 days or more past due	
($ in millions)	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
On-balance sheet loans				
Consumer automotive	$62,142	$58,085	$410	$457
Consumer mortgage	9,258	7,926	123	151
Commercial automotive	33,026	34,022	21	9
Commercial other	2,185	1,918	—	—
Total on-balance sheet loans	106,611	101,951	554	617
Off-balance sheet securitization entities				
Consumer automotive	2,212	2,801	6	5
Total off-balance sheet securitization entities	2,212	2,801	6	5
Whole-loan transactions (a)	1,361	929	17	33
Total	$110,184	$105,681	$577	$655

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

	Net credit losses			
	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
On-balance sheet loans				
Consumer automotive	$96	$83	$228	$204
Consumer mortgage	4	8	23	20
Commercial automotive	1	1	—	1
Commercial other	(1)	(7)	(1)	(7)
Total on-balance sheet loans	100	85	250	218
Off-balance sheet securitization entities				
Consumer automotive	1	—	2	1
Total off-balance sheet securitization entities	1	—	2	1
Whole-loan transactions	—	1	—	4
Total	$101	$86	$252	$223

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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 $20 million during the three months and six months ended June 30, 2015, respectively, compared to $7 million and $16 million during the three months and six months ended June 30, 2014.

Automotive Finance Serviced Assets

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

($ in millions)	June 30, 2015	December 31, 2014
On-balance sheet automotive finance loans and leases		
Consumer automotive	$62,142	$ 58,085
Commercial automotive	33,026	34,022
Operating leases	17,950	19,510
Other	61	55
Off-balance sheet automotive finance loans		
Loans sold to third-party investors		
Securitizations	2,234	2,832
Whole-loan	1,348	887
Total serviced automotive finance loans and leases	$116,761	$ 115,391

11. Other Assets

The components of other assets were as follows.

($ in millions)	June 30, 2015	December 31, 2014
Property and equipment at cost	$760	$ 775
Accumulated depreciation	(552)	(550)
Net property and equipment	208	225
Restricted cash collections for securitization trusts (a)	1,829	2,221
Net deferred tax assets	1,639	1,812
Nonmarketable equity securities	359	271
Cash reserve deposits held-for-securitization trusts (b)	259	303
Unamortized debt issuance costs	234	238
Fair value of derivative contracts in receivable position (c)	214	263
Other accounts receivable	213	298
Collateral placed with counterparties	98	236
Other assets	1,073	1,435
Total other assets	$6,126	$ 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) Represents credit enhancement in the form of cash reserves for various securitization transactions.

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

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12. Deposit Liabilities

Deposit liabilities consisted of the following.

($ in millions)	June 30, 2015	December 31, 2014
Noninterest-bearing deposits	$89	$64
Interest-bearing deposits		
Savings and money market checking accounts	31,398	26,769
Certificates of deposit	30,213	31,070
Dealer deposits	247	319
Total deposit liabilities	$61,947	$58,222

At June 30, 2015, and December 31, 2014, certificates of deposit included $12.4 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.

	June 30, 2015			December 31, 2014		
($ in millions)	Unsecured	Secured (a)	Total	Unsecured	Secured (a)	Total
Demand notes	$3,375	$—	$3,375	$3,338	$—	$3,338
Federal Home Loan Bank	—	4,550	4,550	—	2,950	2,950
Securities sold under agreements to repurchase	—	2,004	2,004	—	774	774
Other	84	—	84	—	—	—
Total short-term borrowings	$3,459	$6,554	$10,013	$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 June 30, 2015, the financial instruments sold under agreement to repurchase consisted of U.S. Treasury and Federal Agency securities of $383 million and mortgage-backed residential securities of $1.6 billion. The total repurchase agreements of $2.0 billion mature within the next 30 days. Refer to Note 5 and Note 23 for further details on investment securities sold under agreements to repurchase.

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. As of June 30, 2015, we placed cash collateral totaling $17 million with counterparties under these collateral arrangements associated with our repurchase agreements. As of June 30, 2015, we received cash collateral totaling $4 million from counterparties under these collateral arrangements associated with our repurchase agreements.

14. Long-term Debt

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

	June 30, 2015			December 31, 2014		
($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Long-term debt						
Due within one year	$465	$11,540	$12,005	$4,809	$12,629	$17,438
Due after one year (a)	18,778	34,745	53,523	17,154	31,514	48,668
Fair value adjustment (b)	324	—	324	452	—	452
Total long-term debt	$19,567	$46,285	$65,852	$22,415	$44,143	$66,558

(a) Includes $2.6 billion of trust preferred securities at both June 30, 2015, and December 31, 2014.

(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.

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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	$34	$1,934	$4,398	$2,931	$1,625	$9,737	$324	$20,983
Original issue discount	(33)	(74)	(86)	(97)	(34)	(1,092)	—	(1,416)
Total unsecured	1	1,860	4,312	2,834	1,591	8,645	324	19,567
Secured								
Long-term debt	5,732	10,365	13,665	7,462	4,902	4,159	—	46,285
Total long-term debt	$5,733	$12,225	$17,977	$10,296	$6,493	$12,804	$324	$65,852

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.

	June 30, 2015		December 31, 2014	
($ in millions)	Total	Ally Bank (a)	Total	Ally Bank (a)
Investment securities (b)	$2,062	$—	$786	$786
Mortgage assets held-for-investment and lending receivables	9,205	9,205	7,541	7,541
Consumer automotive finance receivables	34,148	9,095	33,438	11,263
Commercial automotive finance receivables	19,018	18,593	20,605	20,083
Investment in operating leases, net	7,648	4,517	6,820	4,672
Total assets restricted as collateral (c) (d)	$72,081	$41,410	$69,190	$44,345
Secured debt (e)	$52,839	$25,693	$47,867	$27,134

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

(b) The investment securities are restricted under repurchase agreements. Refer to Note 13 for information on the repurchase agreements.

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 $12.4 billion and $10.7 billion at June 30, 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.

(c) Ally Bank had assets pledged and restricted as collateral to the Federal Reserve Bank totaling $3.1 billion and $3.2 billion at June 30, 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.

(d) 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.

(e) Includes $6.6 billion and $3.7 billion of short-term borrowings at June 30, 2015, and December 31, 2014, respectively.

Funding Facilities

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

As of June 30, 2015, Ally Bank had exclusive access to $3.25 billion of funding capacity from a committed credit facility. Funding programs supported by the Federal Reserve and the FHLB, together with repurchase agreements, complement Ally Bank's private collateralized funding vehicles.

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 June 30, 2015, $21.7 billion of our $22.4 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of June 30, 2015, we had $17.9 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

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Committed Funding Facilities

($ in millions)	Outstanding		Unused capacity (a)		Total capacity	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Bank funding						
Secured	$3,015	$ 3,250	$235	$ 250	$3,250	$ 3,500
Parent funding						
Secured	18,062	15,030	1,060	3,425	19,122	18,455
Total committed facilities	$21,077	$ 18,280	$1,295	$ 3,675	$22,372	$ 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)	June 30, 2015	December 31, 2014
Accounts payable	$321	$ 298
Employee compensation and benefits	228	298
Reserves for insurance losses and loss adjustment expenses	206	208
Fair value of derivative contracts in payable position (a)	181	252
Deferred revenue	123	151
Other liabilities	471	528
Total accrued expenses and other liabilities	$1,530	$ 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.

	June 30, 2015	December 31, 2014
Series A preferred stock (a)		
Carrying value ($ in millions)	$696	$1,021
Par value (per share)	0.01	0.01
Liquidation preference (per share)	25	25
Number of shares authorized	40,870,560	40,870,560
Number of shares issued and outstanding	27,870,560	40,870,560
Dividend/coupon		
Prior to May 15, 2016	8.5 %	8.5 %
On and after May 15, 2016	Three month LIBOR + 6.243%	Three month LIBOR + 6.243%
Series G preferred stock		
Carrying value ($ in millions)	$117	$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	1,288,301	2,576,601
Dividend/coupon	7 %	7 %

(a) Nonredeemable prior to May 15, 2016.

Series A Preferred Stock

On April 23, 2015, we announced a tender offer to purchase up to 13,000,000 shares of our outstanding Series A preferred stock for $26.65 per Series A share, which included an amount to cover accrued and unpaid dividends through the settlement date. The tender offer expired on May 20, 2015. On May 22, 2015, we repurchased 13,000,000 Series A Preferred Shares with an aggregate liquidation preference of $325 million for $347 million cash. Upon repurchase of the tendered Series A Preferred shares on May 22, 2015, we derecognized the carrying value of $325 million and recognized the excess consideration paid of $22 million as an additional return to preferred shareholders. The remaining 27,870,560 Series A Preferred Shares following the repurchase were not impacted as a result of this transaction.

Series G Preferred Stock

On March 11, 2015, we issued a Notice of Partial Redemption to the holders of the outstanding Series G Preferred Stock to redeem, on a pro-rata basis, 1,288,300 shares at a redemption price of $1,000 per share plus $10.50 per share of accrued and unpaid dividends through the redemption date. On April 10, 2015, we redeemed 1,288,300 shares of our outstanding Series G Preferred Stock, with an aggregate liquidation preference of approximately $1,288 million for approximately $1,302 million cash, which included $14 million in accrued and unpaid dividends. Upon redemption of the Series G Preferred shares, we derecognized the carrying value of $117 million and recognized the excess consideration paid of $1,171 million as an additional return to preferred shareholders. The remaining 1,288,301 Series G Preferred Shares following the redemption were not impacted as a result of this transaction.

17. Accumulated Other Comprehensive (Loss) Income

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

($ in millions)	Unrealized losses 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	202	(25)	—	4	181
Balance at June 30, 2014	$(67)	$40	$5	$(73)	$ (95)
Balance at December 31, 2014	$(21)	$36	$7	$(88)	$ (66)
2015 net change	(97)	(20)	—	—	(117)
Balance at June 30, 2015	$(118)	$16	$7	$(88)	$ (183)

(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 (loss) income.

Three months ended June 30, 2015 ($ in millions)	Before Tax	Tax Effect	After Tax
Investment securities			
Net unrealized losses arising during the period	$(191)	$71	$(120)
Less: Net realized gains reclassified to income from continuing operations	45 (a)	(16) (b)	29
Net change	(236)	87	(149)
Translation adjustments			
Net unrealized gains arising during the period	4	(1)	3
	1	—	1

Less: Net realized gains reclassified to income from discontinued operations, net of tax			
Net change	3	(1)	2
Net investment hedges			
Net unrealized losses arising during the period	(2)	1	(1)
Other comprehensive loss	$(235)	$87	$(148)

(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.

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Three months ended June 30, 2014 ($ in millions)	Before Tax		Tax Effect		After Tax
Investment securities					
Net unrealized gains arising during the period	$185		$(43)		$142
Less: Net realized gains reclassified to income from continuing operations	41	(a)	(1)	(b)	40
Net change	144		(42)		102
Translation adjustments					
Net unrealized gains arising during the period	12		(3)		9
Less: Net realized gains reclassified to income from discontinued operations, net of tax	23		(3)		20
Net change	(11)		—		(11)
Net investment hedges					
Net unrealized losses arising during the period	(9)		3		(6)
Defined benefit pension plans					
Less: Net losses reclassified to income from continuing operations	(7)	(c)	3	(b)	(4)
Other comprehensive income	$131		$(42)		$89

(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.

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

Six months ended June 30, 2015 ($ in millions)	Before Tax		Tax Effect		After Tax
Investment securities					
Net unrealized losses arising during the period	$(53)		$20		$(33)
Less: Net realized gains reclassified to income from continuing operations	100	(a)	(36)	(b)	64
Net change	(153)		56		(97)
Translation adjustments					
Net unrealized losses arising during the period	(16)		6		(10)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	43		(20)		23
Net change	(59)		26		(33)
Net investment hedges					
Net unrealized gains arising during the period	16		(6)		10
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(4)		1		(3)
Net change	20		(7)		13
Other comprehensive loss	$(192)		$75		$(117)

(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.

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Six months ended June 30, 2014 ($ in millions)	Before Tax		Tax Effect		After Tax
Investment securities					
Net unrealized gains arising during the period	$373		$(94)		$279
Less: Net realized gains reclassified to income from continuing operations	84	(a)	(7)	(b)	77
Net change	289		(87)		202
Translation adjustments					
Net unrealized losses arising during the period	(10)		4		(6)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	23		(3)		20
Net change	(33)		7		(26)
Net investment hedges					
Net unrealized gains arising during the period	2		(1)		1
Defined benefit pension plans					
Less: Net losses reclassified to income from continuing operations	(7)	(c)	3	(b)	(4)
Other comprehensive income	$265		$(84)		$181

(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.

(c) Includes losses reclassified to compensation and benefits expense 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 June 30,		Six months ended June 30,	
($ in millions, except share data) (a)	2015	2014	2015	2014
Net income from continuing operations	$169	$283	$348	$481
Preferred stock dividends (b)	(1,251)	(65)	(1,318)	(133)
Net (loss) income from continuing operations attributable to common shareholders	(1,082)	218	(970)	348
Income from discontinued operations, net of tax	13	40	410	69
Net (loss) income attributable to common shareholders	$(1,069)	$258	$(560)	$417
Basic weighted-average common shares outstanding (c)	482,847,164	481,350,249	482,550,842	480,563,267
Diluted weighted-average common shares outstanding (c) (d)	482,847,164	482,342,629	482,550,842	481,055,084
Basic earnings per common share				
Net (loss) income from continuing operations	$(2.24)	$0.45	$(2.01)	$0.73
Income from discontinued operations, net of tax	0.03	0.09	0.85	0.14
Net (loss) income	$(2.22)	$0.54	$(1.16)	$0.87
Diluted earnings per common share				
Net (loss) income from continuing operations	$(2.24)	$0.45	$(2.01)	$0.73
Income from discontinued operations, net of tax	0.03	0.09	0.85	0.14
Net (loss) income	$(2.22)	$0.54	$(1.16)	$0.87

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

(b) Preferred stock dividends for the three months and six months ended June 30, 2015, include $1,193 million recognized in connection with the partial redemption of the Series G Preferred Stock and the repurchase of the Series A Preferred Stock. These dividends represent an additional return to preferred shareholders calculated as the excess consideration paid over the carrying amount derecognized. Refer to Note 16 for additional preferred stock information.

(c) Includes shares related to share-based compensation that have vested but have not been issued for the three months and six months ended June 30, 2015 and 2014, respectively.

(d) Due to antidilutive effect of the net loss from continuing operations attributable to common shareholders for the three months and six months ended June 30, 2015, basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

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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 the calculation of 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 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.

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The following table summarizes our capital ratios under the U.S. Basel III capital framework.

	Under Basel III			Under Basel I						
	June 30, 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.	$13,181	9.83	%	$12,588	9.64	%	4.50	%	(d)	
Ally Bank	16,055	17.32		16,022	16.89		4.50		6.50	%
Tier 1 (to risk-weighted assets)										
Ally Financial Inc.	$15,734	11.74	%	$16,389	12.55	%	6.00	%	6.00	%
Ally Bank	16,055	17.32		16,022	16.89		6.00		8.00	
Total (to risk-weighted assets)										
Ally Financial Inc.	$16,926	12.63	%	$17,294	13.24	%	8.00	%	10.00	%
Ally Bank	16,448	17.74		16,468	17.36		8.00		10.00	
Tier 1 leverage (to adjusted quarterly average assets) (e)										
Ally Financial Inc.	$15,734	10.35	%	$16,389	10.94	%	4.00	%	(d)	
Ally Bank	16,055	15.42		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) Currently, there is no ratio component 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 June 30, 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 company-run 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. In addition, as an insured state nonmember bank with $50 billion or more in total consolidated assets, Ally Bank is required to conduct annual company-run stress tests.

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 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

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 our submission. As a result, we redeemed $1.3 billion in Series G preferred securities in April 2015, and repurchased $325 million in Series A preferred securities in May 2015 pursuant to a tender offer. In addition, on July 6, 2015, Ally submitted to the FRB the results of our company-run mid-year stress test conducted under multiple macroeconomic scenarios. We disclosed the results of this stress test under the most severe scenario on July 15, 2015 in accordance with regulatory requirements.

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. 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 (loss) income.

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.

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. This swap matured during the second quarter of 2015.

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 June 30, 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 $54 million as of June 30, 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 collateral totaling $81 million and securities collateral totaling $108 million at June 30, 2015, and $221 million and $15 million at December 31, 2014, respectively, in accounts maintained by counterparties. This amount primarily relates to collateral posted to support our derivative positions. This amount also excludes cash and securities pledged as collateral under repurchase agreements. Refer to Note 13 for details on the repurchase agreements. The receivables for cash collateral placed are included in our Condensed Consolidated Balance Sheet in other assets.

We received cash collateral from counterparties totaling $37 million at June 30, 2015 to support these derivative positions. We received cash collateral from counterparties totaling $71 million at December 31, 2014. The payables for cash collateral received are included on our Condensed Consolidated Balance Sheet in accrued expenses and other liabilities. 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 June 30, 2015, and December 31, 2014, we received noncash collateral of $12 million and $15 million, respectively. Included in these amounts is noncash collateral where we have been granted the right to sell or pledge the underlying assets. We have not sold or pledged any of the noncash collateral received under these agreements.

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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.

	June 30, 2015			December 31, 2014		
($ in millions)	Derivative contracts in a receivable position (a)	payable position (b)	Notional amount	Derivative contracts in a receivable position (a)	payable position (b)	Notional amount
Derivatives qualifying for hedge accounting						
Interest rate contracts						
Swaps (c) (d)	$81	$24	$16,756	$118	$7	$18,554
Foreign exchange contracts						
Forwards	6	—	212	—	—	210
Total derivatives qualifying for hedge accounting	87	24	16,968	118	7	18,764
Economic hedges						
Interest rate contracts						
Swaps	37	55	8,668	40	65	11,979
Futures and forwards	3	9	18,288	4	2	18,886
Written options	—	86	17,817	—	94	14,823
Purchased options	86	—	17,968	94	—	15,159
Total interest rate risk	126	150	62,741	138	161	60,847
Foreign exchange contracts						
Swaps	—	—	—	—	74	1,210
Futures and forwards	1	—	150	5	4	304
Total foreign exchange risk	1	—	150	5	78	1,514
Equity contracts						
Forwards	—	5	54	—	3	74
Written options	—	2	1	—	3	1
Purchased options	—	—	—	2	—	—
Total equity risk	—	7	55	2	6	75
Total economic hedges	127	157	62,946	145	245	62,436
Total derivatives	$214	$181	$79,914	$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 $41 million and $50 million at June 30, 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 $15 million and $17 million at June 30, 2015, and December 31, 2014, respectively.

(c) Includes fair value hedges consisting of receive-fixed swaps on fixed-rate debt obligations with $75 million and $97 million in a receivable position, $19 million and $1 million in a payable position, and of a $5.3 billion and $4.7

billion notional amount at June 30, 2015, and December 31, 2014, respectively. Of the hedge notional amount at June 30, 2015, $2.2 billion is associated with debt maturing in five or more years.

(d) Other fair value hedges include pay-fixed swaps on portfolios of held-for-investment automotive loan assets with $6 million and $21 million in a receivable position, $5 million and $6 million in a payable position, and of a $11.4 billion and $13.9 billion notional amount at June 30, 2015, and December 31, 2014, respectively.

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Derivatives qualifying for hedge accounting				
Gain (loss) recognized in earnings on derivatives				
Interest rate contracts				
Interest and fees on finance receivables and loans (a)	$7	$(8)	$(16)	$(6)
Interest on long-term debt (b)	(97)	107	(11)	141
Gain (loss) recognized in earnings on hedged items (c)				
Interest rate contracts				
Interest and fees on finance receivables and loans	2	18	35	29
Interest on long-term debt	94	(107)	7	(139)
Total derivatives qualifying for hedge accounting	6	10	15	25
Economic derivatives				
Gain (loss) recognized in earnings on derivatives				
Interest rate contracts				
Gain on mortgage and automotive loans, net	2	—	—	—
Other income, net of losses	3	(11)	(9)	(19)
Total interest rate contracts	5	(11)	(9)	(19)
Foreign exchange contracts (d)				
Interest on long-term debt	5	(4)	(138)	(9)
Other income, net of losses	(3)	—	8	—
Total foreign exchange contracts	2	(4)	(130)	(9)
Equity contracts				
Compensation and benefits expense	3	—	(3)	—
Total equity contracts	3	—	(3)	—
Gain (loss) recognized in earnings on derivatives	$16	$(5)	$(127)	$(3)

(a) Amounts exclude losses related to interest for qualifying accounting hedges of retail automotive loans held-for-investment, which are primarily offset by the fixed coupon payments of the loans. The losses were $15 million and $14 million for the three months ended June 30, 2015 and 2014, respectively, and $32 million and $27 million for the six months ended June 30, 2015 and 2014, respectively.

(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 $24 million and $27 million for the three months ended June 30, 2015 and 2014, respectively, and $47 million and $62 million for the six months ended June 30, 2015 and 2014, respectively.

(c) Amounts exclude gains related to amortization of deferred basis adjustments on the de-designated hedged item of $16 million and $37 million for the three months ended June 30, 2015 and 2014, respectively, and $44 million and $82 million for the six months ended June 30, 2015 and 2014, respectively.

(d) Amounts exclude losses and gains related to the revaluation of the related foreign-denominated debt or receivable. Losses of $1 million and gains of $6 million were recognized for the three months ended June 30, 2015 and 2014, respectively. Gains of $133 million and $10 million were recognized for the six months ended June 30, 2015 and 2014, respectively.

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

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	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)	$—
(Loss) gain recognized in other comprehensive income (a)	$(2)	$(9)	$20	$2

(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, including the tax impacts of the hedge and related net investment, as disclosed separately in Note 17. There were gains of $3 million and losses of $8 million for the three months ended June 30, 2015 and 2014, respectively. There were losses of $40 million and $27 million for the six months ended June 30, 2015 and 2014, respectively.

21. Income Taxes

We recognized total income tax expense from continuing operations of $94 million and $197 million for the three months and six months ended June 30, 2015, compared to income tax expense of $64 million and $158 million for the same periods in 2014. The increase in income tax expense for the three months and six months ended June 30, 2015, compared to the same periods in 2014, was primarily driven by a non-recurring tax benefit in the second quarter of 2014 related to the reduction in the liability for unrecognized tax benefits as a result of the completion of the U.S. federal audit related to our 2009 through 2011 tax years.

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 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 six months ended June 30, 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.

Historically, we had a cross-currency swap and interest rate caps accounted for as derivative instruments that were classified as Level 3. However, at June 30, 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.

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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			
June 30, 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	$1,483	$692	$—	$2,175
U.S. State and political subdivisions	—	569	—	569
Foreign government	12	188	—	200
Mortgage-backed residential	—	11,640	—	11,640
Mortgage-backed commercial	—	457	—	457
Asset-backed	—	2,055	—	2,055
Corporate debt securities	—	1,058	—	1,058
Total debt securities	1,495	16,659	—	18,154
Equity securities (a)	988	—	—	988
Total available-for-sale securities	2,483	16,659	—	19,142
Mortgage loans held-for-sale, net (b)	—	—	4	4
Other assets				
Interests retained in financial asset sales	—	—	32	32
Derivative contracts in a receivable position (c)				
Interest rate	3	204	—	207
Foreign currency	—	7	—	7
Total derivative contracts in a receivable position	3	211	—	214
Total assets	$2,486	$16,870	$36	$19,392
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	$(9)	$(165)	$—	$(174)
Other	(2)	(5)	—	(7)
Total derivative contracts in a payable position (c)	(11)	(170)	—	(181)
Total liabilities	$(11)	$(170)	$—	$(181)

(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.

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	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.

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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									
($ in millions)	Fair value at April 1, 2015	Net realized/unrealized gains included in earnings		included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of Level 3	Fair value at June 30, 2015	Net unrealized gains included in earnings still held at June 30, 2015
Assets											
Mortgage loans held-for-sale, net	$3	$1	(a)	$—	$—	$—	$—	$—	$—	$4	$1
Other assets											
Interests retained in financial asset sales	42	4	(a)	—	—	—	—	(14)	—	32	—
Total assets	$45	$5		$—	$—	$—	$—	$ (14)	$—	$36	$1

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

	Level 3 recurring fair value measurements									
($ in millions)	Fair value at April 1, 2014	Net realized/unrealized gains included in earnings		included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of Level 3	Fair value at June 30, 2014	Net unrealized gains included in earnings still held at June 30, 2014
Assets											
Other assets											
Interests retained in financial asset sales	$84	$4	(a)	$—	$—	$—	$—	$ (14)	$—	$74	$—
Total assets	$84	$4		$—	$—	$—	$—	$ (14)	$—	$74	$—

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

	Level 3 recurring fair value measurements								
($ in millions)	Fair Value at Jan. 1, 2015	Net realized/unrealized gains	Purchases	Sales	Issuances	Settlements	Transfers out of Level 3	Fair value at June 30, 2015	Net unrealized gains included

		included in earnings		included in OCI							in earnings still held at June 30, 2015
Assets											
Mortgage loans held-for-sale, net	$3	$1	(a)	$—	$—	$—	$—	$—	$—	$4	$1
Other assets											
Interests retained in financial asset sales	47	7	(a)	—	—	—	1	(23)	—	32	—
Total assets	$50	$8		$—	$—	$—	$1	$(23)	$—	$36	$1

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

	Level 3 recurring fair value measurements									
($ in millions)	Fair Value at Jan. 1, 2014	Net realized/unrealized gains included in earnings		included in OCI	Purchases	Sales	Issuances	Settlements	Transfers out of level 3	Fair value at June 30, 2014	Net unrealized gains included in earnings still held at June 30, 2014
Assets											
Other assets											
Interests retained in financial asset sales	$100	$5	(a)	$—	$—	$—	$—	$(31)	$—	$74	$—
Derivative contracts, net	(1)	—		—	—	—	—	(2)	3	—	—
Total assets	$99	$5		$—	$—	$—	$—	$(33)	$3	$74	$—

(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.

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

June 30, 2015 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total gain included in earnings for the three months ended	Total gain included in earnings for the six months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Loans held-for-sale, net							
Automotive	$—	$—	$1,356	$1,356	$ (12)	n/m (a)	n/m (a)
Mortgage	—	—	10	10	(1)	n/m (a)	n/m (a)
Other	—	—	36	36	—	n/m (a)	n/m (a)
Total loans held-for-sale, net	—	—	1,402	1,402	(13)	n/m (a)	n/m (a)
Commercial finance receivables and loans, net (b)							
Automotive	—	—	24	24	(8)	n/m (a)	n/m (a)
Other	—	—	34	34	(11)	n/m (a)	n/m (a)
Total commercial finance receivables and loans, net	—	—	58	58	(19)	n/m (a)	n/m (a)
Other assets							
Repossessed and foreclosed assets (c)	—	—	10	10	(3)	n/m (a)	n/m (a)
Other	—	—	2	2	—	n/m (a)	n/m (a)
Total assets	$—	$—	$1,472	$1,472	$ (35)	n/m	n/m

n/m = not meaningful

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

(b) Represents the portion of the portfolio specifically impaired during 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.

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June 30, 2014 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total gain included in earnings for the three months ended	Total gain included in earnings for the six months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Commercial finance receivables and loans, net (a)							
Automotive	$—	$—	$26	$26	$ (2)	n/m (b)	n/m (b)
Other	—	—	38	38	(14)	n/m (b)	n/m (b)
Total commercial finance receivables and loans, net	—	—	64	64	(16)	n/m (b)	n/m (b)
Other assets							
Repossessed and foreclosed assets (c)	—	—	7	7	(1)	n/m (b)	n/m (b)
Other	—	—	2	2	—	$2	$2
Total assets	$—	$—	$73	$73	$ (17)	n/m	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.

June 30, 2015 ($ in millions)	Level 3 nonrecurring measurements	Valuation technique	Unobservable input	Weighted average/range
Assets				
Automotive loans held-for-sale, net	$1,356	Discounted cash flow	Prepayment rate	1.30%
			Gross loss	0-4.50%
			Credit spread	0-6.70%

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.

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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 June 30, 2015 and December 31, 2014.

		Estimated fair value			
($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total
June 30, 2015					
Financial assets					
Loans held-for-sale, net	$1,438	$—	$—	$1,446	$1,446
Finance receivables and loans, net	104,199	—	—	105,110	105,110
Nonmarketable equity investments	359	—	333	41	374
Financial liabilities					
Deposit liabilities	$61,947	$—	$—	$62,449	$62,449
Short-term borrowings	10,013	—	—	10,013	10,013
Long-term debt	65,852	—	21,778	46,247	68,025
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 by discounting projected cash flows using internally derived inputs, such as prepayment speeds and discount rates, was classified as Level 3.

23. Offsetting Assets and Liabilities

Our derivative contracts and repurchase/reverse repurchase transactions are supported by qualifying master netting and master repurchase agreements. These agreements are 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.

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.

In certain instances as it relates to our derivative instruments, we have the option to report derivative assets and liabilities as well as assets and liabilities associated with cash collateral received or delivered that is governed by a master netting agreement on a net basis as long as certain qualifying criteria are met. Similarly, for our repurchase/reverse repurchase transactions, we have the option to report recognized assets and liabilities subject to a master netting agreement on a net basis. At June 30, 2015, these instruments are reported as gross assets and gross liabilities on the Condensed Consolidated Balance Sheet.

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

June 30, 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) (c)	Net Amount
Assets						
Derivative assets in net asset positions	$ 190	$ —	$ 190	$(76)	$(29)	$85
Derivative assets in net liability positions	24	—	24	(24)	—	—
Total assets (d)	$ 214	$ —	$ 214	$(100)	$(29)	$85
Liabilities						
Derivative liabilities in net liability positions	$ (100)	$ —	$ (100)	$24	$14	$(62)
Derivative liabilities in net asset positions	(76)	—	(76)	76	—	—
Derivative liabilities with no offsetting arrangements	(5)	—	(5)	—	—	(5)
Total derivative liabilities (d)	(181)	—	(181)	100	14	(67)
Securities sold under agreements to repurchase (e)	(2,004)	—	(2,004)	—	2,004	—
Total liabilities	$ (2,185)	$ —	$ (2,185)	$100	$2,018	$(67)

(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 and non-cash collateral received. $12 million of non-cash derivative collateral pledged to us was excluded at June 30, 2015. We do not record such collateral received on our Condensed Consolidated Balance Sheet unless certain conditions are met.

(c) Certain agreements grant us the right to sell or pledge the non-cash assets we receive as collateral. Non-cash collateral pledged to us where the agreement grants us the right to sell or pledge the underlying assets had a fair value of $12 million at June 30, 2015. We have not sold or pledged any of the non-cash collateral received under these agreements as of June 30, 2015.

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

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

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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.

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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 June 30, ($ in millions)	Automotive Finance operations	Insurance operations	Mortgage operations	Corporate and Other (a)	Consolidated (b)
2015					
Net financing revenue	$850	$14	$15	$37	$916
Other revenue (loss)	55	268	6	(118)	211
Total net revenue (loss)	905	282	21	(81)	1,127
Provision for loan losses	132	—	3	5	140
Total noninterest expense	372	267	10	75	724
Income (loss) from continuing operations before income tax expense	$401	$15	$8	$(161)	$263
Total assets	$113,607	$7,260	$9,249	$26,356	$156,472
2014					
Net financing revenue (loss)	$884	$16	$12	$(46)	$866
Other revenue	62	290	9	4	365
Total net revenue (loss)	946	306	21	(42)	1,231
Provision for loan losses	99	—	(25)	(11)	63
Total noninterest expense	386	329	19	87	821
Income (loss) from continuing operations before income tax expense	$461	$(23)	$27	$(118)	$347
Total assets	$111,334	$7,232	$7,640	$23,731	$149,937

(a) Total assets for Corporate Finance were $2.1 billion and $1.7 billion at June 30, 2015 and 2014, respectively.

(b) Net financing revenue after the provision for loan losses totaled $776 million and $803 million for the three months ended June 30, 2015 and 2014, respectively.

Six months ended June 30, ($ in millions)	Automotive Finance operations	Insurance operations	Mortgage operations	Corporate and Other (a)	Consolidated (b)
2015					
Net financing revenue	$1,659	$26	$30	$51	$1,766
Other revenue (loss)	107	536	74	(263)	454
Total net revenue (loss)	1,766	562	104	(212)	2,220
Provision for loan losses	259	—	(2)	(1)	256
Total noninterest expense	775	469	29	146	1,419
Income (loss) from continuing operations before income tax expense	$732	$93	$77	$(357)	$545
Total assets	$113,607	$7,260	$9,249	$26,356	$156,472
2014					
Net financing revenue (loss)	$1,704	$31	$26	$(74)	$1,687
Other revenue (loss)	126	562	13	(15)	686
Total net revenue (loss)	1,830	593	39	(89)	2,373
Provision for loan losses	258	—	(48)	(10)	200
Total noninterest expense	772	542	43	177	1,534
	$800	$51	$44	$(256)	$639

Income (loss) from continuing operations before income tax expense					
Total assets	$111,334	$7,232	$7,640	$23,731	$149,937

(a) Total assets for Corporate Finance were $2.1 billion and $1.7 billion at June 30, 2015 and 2014, respectively.

(b) Net financing revenue after the provision for loan losses totaled $1.5 billion for each of the six months ended June 30, 2015 and 2014, respectively.

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Information concerning principal geographic areas was as follows.

Three months ended June 30, ($ in millions)	Revenue (a)	Income (loss) from continuing operations before income tax expense (b)	Net income (loss) (b)(c)
2015			
Canada	$28	$13	$13
Europe	—	—	17
Latin America	—	—	—
Asia-Pacific	—	—	—
Total foreign (d)	28	13	30
Total domestic (e)	1,099	250	152
Total	$1,127	$263	$182
2014			
Canada	$33	$16	$36
Europe	—	(1)	1
Latin America	—	—	(7)
Asia-Pacific	—	—	33
Total foreign	33	15	63
Total domestic (e)	1,198	332	260
Total	$1,231	$347	$323

(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 $15 million and $50 million for the three months ended June 30, 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 June 30, 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.

Six months ended June 30, ($ in millions)	Revenue (a)	Income from continuing operations before income tax expense (b)	Net income (loss) (b)(c)
2015			
Canada	$52	$24	$21
Europe	1	4	28
Latin America	—	—	—
Asia-Pacific	—	—	452
Total foreign (d)	53	28	501
Total domestic (e)	2,167	517	257
Total	$2,220	$545	$758
2014			
Canada	$64	$29	$46

Europe	2	1	4
Latin America	—	—	(8)
Asia-Pacific	—	—	66
Total foreign	66	30	108
Total domestic (e)	2,307	609	442
Total	$2,373	$639	$550

(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 $29 million and $98 million for the six months ended June 30, 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 June 30, 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.

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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 June 30, 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.

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Condensed Consolidating Statements of Comprehensive Income

Three months ended June 30, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(16)	$—	$ 1,134	$—	$ 1,118
Interest and fees on finance receivables and loans — intercompany	2	—	5	(7)	—
Interest on loans held-for-sale	—	—	14	—	14
Interest and dividends on available-for-sale investment securities	—	—	93	—	93
Interest-bearing cash and cash equivalents	1	—	1	—	2
Interest-bearing cash — intercompany	—	—	2	(2)	—
Operating leases	—	—	860	—	860
Total financing revenue and other interest income	(13)	—	2,109	(9)	2,087
Interest expense					
Interest on deposits	2	—	175	—	177
Interest on short-term borrowings	10	—	2	—	12
Interest on long-term debt	292	—	127	—	419
Interest on intercompany debt	6	—	3	(9)	—
Total interest expense	310	—	307	(9)	608
Depreciation expense on operating lease assets	—	—	563	—	563
Net financing (loss) revenue	(323)	—	1,239	—	916
Dividends from subsidiaries					
Bank subsidiary	400	400	—	(800)	—
Nonbank subsidiaries	248	—	—	(248)	—
Other revenue					
Servicing fees	278	—	207	(475)	10
Insurance premiums and service revenue earned	—	—	237	—	237
Gain on mortgage and automotive loans, net	—	—	1	—	1
Loss on extinguishment of debt	(156)	—	—	—	(156)
Other gain on investments, net	—	—	45	—	45
Other income, net of losses	49	—	127	(102)	74
Total other revenue	171	—	617	(577)	211
Total net revenue	496	400	1,856	(1,625)	1,127
Provision for loan losses	(36)	—	176	—	140
Noninterest expense					
Compensation and benefits expense	139	—	197	(100)	236
Insurance losses and loss adjustment expenses	—	—	122	—	122
Other operating expenses	310	—	533	(477)	366
Total noninterest expense	449	—	852	(577)	724
Income from continuing operations before income tax (benefit) expense and undistributed (loss) income of subsidiaries	83	400	828	(1,048)	263

Income tax (benefit) expense from continuing operations	(87)	—	181	—	94
Net income from continuing operations	170	400	647	(1,048)	169
(Loss) income from discontinued operations, net of tax	(15)	—	28	—	13
Undistributed (loss) income of subsidiaries					
Bank subsidiary	(132)	(132)	—	264	—
Nonbank subsidiaries	159	—	—	(159)	—
Net income	182	268	675	(943)	182
Other comprehensive (loss) income, net of tax	(148)	(67)	(166)	233	(148)
Comprehensive income	$34	$201	$509	$(710)	$34

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Three months ended June 30, 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)	$—	$ 1,133	$—	$ 1,124
Interest and fees on finance receivables and loans — intercompany	5	—	22	(27)	—
Interest on loans held-for-sale	—	—	1	—	1
Interest and dividends on available-for-sale investment securities	—	—	93	—	93
Interest-bearing cash and cash equivalents	1	—	—	—	1
Interest-bearing cash - intercompany	—	—	2	(2)	—
Operating leases	177	—	707	—	884
Total financing revenue and other interest income	174	—	1,958	(29)	2,103
Interest expense					
Interest on deposits	4	—	162	—	166
Interest on short-term borrowings	11	—	2	—	13
Interest on long-term debt	405	—	144	—	549
Interest on intercompany debt	24	—	5	(29)	—
Total interest expense	444	—	313	(29)	728
Depreciation expense on operating lease assets	103	—	406	—	509
Net financing (loss) revenue	(373)	—	1,239	—	866
Dividends from subsidiaries					
Bank subsidiaries	1,500	1,500	—	(3,000)	—
Nonbank subsidiaries	200	—	—	(200)	—
Other revenue					
Servicing fees	7	—	—	—	7
Insurance premiums and service revenue earned	—	—	249	—	249
Gain on mortgage and automotive loans, net	—	—	6	—	6
Loss on extinguishment of debt	(7)	—	—	—	(7)
Other gain on investments, net	—	—	41	—	41
Other income, net of losses	199	—	298	(428)	69
Total other revenue	199	—	594	(428)	365
Total net revenue	1,526	1,500	1,833	(3,628)	1,231
Provision for loan losses	29	—	34	—	63
Noninterest expense					
Compensation and benefits expense	134	—	179	(98)	215
Insurance losses and loss adjustment expenses	—	—	188	—	188
Other operating expenses	220	—	528	(330)	418
Total noninterest expense	354	—	895	(428)	821
Income from continuing operations before income tax (benefit) expense and undistributed (loss) income of subsidiaries	1,143	1,500	904	(3,200)	347
	(127)	—	191	—	64

Income tax (benefit) expense from continuing operations					
Net income from continuing operations	1,270	1,500	713	(3,200)	283
Income from discontinued operations, net of tax	16	—	24	—	40
Undistributed (loss) income of subsidiaries					
Bank subsidiary	(1,191)	(1,191)	—	2,382	—
Nonbank subsidiaries	228	(1)	—	(227)	—
Net income	323	308	737	(1,045)	323
Other comprehensive income (loss), net of tax	89	50	88	(138)	89
Comprehensive income	$412	$358	$825	$(1,183)	$412

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Six months ended June 30, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(12)	$—	$2,204	$—	$2,192
Interest and fees on finance receivables and loans — intercompany	12	—	21	(33)	—
Interest on loans held-for-sale	—	—	38	—	38
Interest and dividends on available-for-sale investment securities	—	—	181	—	181
Interest-bearing cash and cash equivalents	1	—	3	—	4
Interest-bearing cash — intercompany	—	—	4	(4)	—
Operating leases	—	—	1,756	—	1,756
Total financing revenue and other interest income	1	—	4,207	(37)	4,171
Interest expense					
Interest on deposits	5	—	344	—	349
Interest on short-term borrowings	20	—	3	—	23
Interest on long-term debt	584	—	264	—	848
Interest on intercompany debt	25	—	12	(37)	—
Total interest expense	634	—	623	(37)	1,220
Depreciation expense on operating lease assets	—	—	1,185	—	1,185
Net financing (loss) revenue	(633)	—	2,399	—	1,766
Dividends from subsidiaries					
Bank subsidiary	525	525	—	(1,050)	—
Nonbank subsidiaries	486	—	—	(486)	—
Other revenue					
Servicing fees	557	—	411	(948)	20
Insurance premiums and service revenue earned	—	—	470	—	470
(Loss) gain on mortgage and automotive loans, net	(8)	—	55	—	47
Loss on extinguishment of debt	(353)	—	(1)	—	(354)
Other gain on investments, net	—	—	100	—	100
Other income, net of losses	121	—	279	(229)	171
Total other revenue	317	—	1,314	(1,177)	454
Total net revenue	695	525	3,713	(2,713)	2,220
Provision for loan losses	64	—	192	—	256
Noninterest expense					
Compensation and benefits expense	293	—	422	(224)	491
Insurance losses and loss adjustment expenses	—	—	178	—	178
Other operating expenses	620	—	1,083	(953)	750
Total noninterest expense	913	—	1,683	(1,177)	1,419
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(282)	525	1,838	(1,536)	545

Income tax (benefit) expense from continuing operations	(202)	—	399	—	197
Net (loss) income from continuing operations	(80)	525	1,439	(1,536)	348
Income from discontinued operations, net of tax	372	—	38	—	410
Undistributed income of subsidiaries					
Bank subsidiary	48	48	—	(96)	—
Nonbank subsidiaries	418	—	—	(418)	—
Net income	758	573	1,477	(2,050)	758
Other comprehensive (loss) income, net of tax	(117)	(25)	(119)	144	(117)
Comprehensive income	$641	$548	$1,358	$(1,906)	$641

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Six months ended June 30, 2014 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(18)	$—	$2,249	$—	$2,231
Interest and fees on finance receivables and loans — intercompany	16	—	43	(59)	—
Interest on loans held-for-sale	—	—	1	—	1
Interest and dividends on available-for-sale investment securities	—	—	188	—	188
Interest-bearing cash and cash equivalents	1	—	3	—	4
Interest-bearing — intercompany	—	—	3	(3)	—
Operating leases	268	—	1,486	—	1,754
Total financing revenue and other interest income	267	—	3,973	(62)	4,178
Interest expense					
Interest on deposits	8	—	321	—	329
Interest on short-term borrowings	22	—	6	—	28
Interest on long-term debt	793	—	290	—	1,083
Interest on intercompany debt	46	—	16	(62)	—
Total interest expense	869	—	633	(62)	1,440
Depreciation expense on operating lease assets	168	—	883	—	1,051
Net financing (loss) revenue	(770)	—	2,457	—	1,687
Dividends from subsidiaries					
Bank subsidiary	1,500	1,500	—	(3,000)	—
Nonbank subsidiaries	321	—	—	(321)	—
Other revenue					
Servicing fees	16	—	—	—	16
Insurance premiums and service revenue earned	—	—	490	—	490
Gain on mortgage and automotive loans, net	—	—	6	—	6
Loss on extinguishment of debt	(46)	—	—	—	(46)
Other gain on investments, net	—	—	84	—	84
Other income, net of losses	385	—	634	(883)	136
Total other revenue	355	—	1,214	(883)	686
Total net revenue	1,406	1,500	3,671	(4,204)	2,373
Provision for loan losses	77	—	123	—	200
Noninterest expense					
Compensation and benefits expense	288	—	405	(224)	469
Insurance losses and loss adjustment expenses	—	—	256	—	256
Other operating expenses	396	—	1,072	(659)	809
Total noninterest expense	684	—	1,733	(883)	1,534
Income from continuing operations before income tax (benefit) expense and undistributed (loss) income of subsidiaries	645	1,500	1,815	(3,321)	639
	(241)	—	399	—	158

Income tax (benefit) expense from continuing operations					
Net income from continuing operations	886	1,500	1,416	(3,321)	481
Income from discontinued operations, net of tax	45	—	24	—	69
Undistributed (loss) income of subsidiaries					
Bank subsidiary	(952)	(952)	—	1,904	—
Nonbank subsidiaries	571	—	—	(571)	—
Net income	550	548	1,440	(1,988)	550
Other comprehensive income (loss), net of tax	181	119	174	(293)	181
Comprehensive income	$731	$667	$1,614	$(2,281)	$731

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Condensed Consolidating Balance Sheet

June 30, 2015 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$929	$—	$810	$—	$ 1,739
Interest-bearing	1,251	—	2,868	—	4,119
Interest-bearing — intercompany	—	—	744	(744)	—
Total cash and cash equivalents	2,180	—	4,422	(744)	5,858
Investment securities	—	—	19,142	—	19,142
Loans held-for-sale, net	—	—	1,438	—	1,438
Finance receivables and loans, net					
Finance receivables and loans, net	3,376	—	101,797	—	105,173
Intercompany loans to					
Nonbank subsidiaries	1,615	—	511	(2,126)	—
Allowance for loan losses	(82)	—	(892)	—	(974)
Total finance receivables and loans, net	4,909	—	101,416	(2,126)	104,199
Investment in operating leases, net	—	—	17,950	—	17,950
Intercompany receivables from					
Bank subsidiary	525	—	—	(525)	—
Nonbank subsidiaries	169	—	270	(439)	—
Investment in subsidiaries					
Bank subsidiary	15,974	15,974	—	(31,948)	—
Nonbank subsidiaries	11,318	12	—	(11,330)	—
Premiums receivable and other insurance assets	—	—	1,780	(21)	1,759
Other assets	4,800	—	3,944	(2,618)	6,126
Total assets	$39,875	$15,986	$150,362	$(49,751)	$ 156,472
Liabilities					
Deposit liabilities					
Noninterest-bearing	$—	$—	$89	$—	$ 89
Interest-bearing	247	—	61,611	—	61,858
Total deposit liabilities	247	—	61,700	—	61,947
Short-term borrowings	3,459	—	6,554	—	10,013
Long-term debt	19,567	—	46,285	—	65,852
Intercompany debt to					
Nonbank subsidiaries	1,255	—	1,615	(2,870)	—
Intercompany payables to					
Bank subsidiary	29	—	—	(29)	—
Nonbank subsidiaries	369	—	587	(956)	—
Interest payable	250	—	168	—	418
Unearned insurance premiums and service revenue	—	—	2,417	—	2,417
Accrued expenses and other liabilities	404	82	3,662	(2,618)	1,530
Total liabilities	25,580	82	122,988	(6,473)	142,177
Total equity	14,295	15,904	27,374	(43,278)	14,295

Total liabilities and equity	$39,875	$15,986	$150,362	$ (49,751)	$ 156,472

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

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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	—	—	—	634
Total assets	$44,072	$15,979	$145,159	$(53,382)	$ 151,828
Liabilities					
Deposit liabilities					
Noninterest-bearing	$—	$—	$64	$—	$ 64
Interest-bearing	319	—	57,839	—	58,158
Total deposit liabilities	319	—	57,903	—	58,222
Short-term borrowings	3,338	—	3,724	—	7,062
Long-term debt	21,199	—	45,359	—	66,558
Intercompany debt to					
Nonbank subsidiaries	2,385	—	4,125	(6,510)	—
Intercompany payables to					
Bank subsidiary	94	—	—	(94)	—
Nonbank subsidiaries	454	—	354	(808)	—
Interest payable	316	—	161	—	477
Unearned insurance premiums and service revenue	—	—	2,375	—	2,375
Accrued expenses and other liabilities	568	82	3,551	(2,466)	1,735
Total liabilities	28,673	82	117,552	(9,878)	136,429

Total equity	15,399	15,897	27,607	(43,504)	15,399
Total liabilities and equity	$44,072	$15,979	$145,159	$ (53,382)	$ 151,828

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

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Condensed Consolidating Statement of Cash Flows

Six months ended June 30, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash (used in) provided by operating activities	$(64)	$525	$2,817	$(1,535)	$1,743
Investing activities					
Purchases of available-for-sale securities	—	—	(8,165)	—	(8,165)
Proceeds from sales of available-for-sale securities	—	—	2,865	—	2,865
Proceeds from maturities and repayments of available-for-sale securities	—	—	2,192	—	2,192
Net decrease (increase) in finance receivables and loans	787	—	(6,258)	—	(5,471)
Proceeds from sales of finance receivables and loans	—	—	1,582	—	1,582
Net decrease in loans — intercompany	2,598	—	1,259	(3,857)	—
Net decrease in operating lease assets	—	—	361	—	361
Capital contributions to subsidiaries	(169)	(1)	1	169	—
Returns of contributed capital	602	—	—	(602)	—
Proceeds from sale of business units, net	1,049	—	—	—	1,049
Net change in restricted cash	—	—	449	—	449
Other, net	(10)	—	(44)	—	(54)
Net cash provided by (used in) investing activities	4,857	(1)	(5,758)	(4,290)	(5,192)
Financing activities					
Net change in short-term borrowings — third party	121	—	2,824	—	2,945
Net (decrease) increase in deposits	(72)	—	3,796	—	3,724
Proceeds from issuance of long-term debt — third party	3,780	—	14,027	—	17,807
Repayments of long-term debt — third party	(5,837)	—	(13,147)	—	(18,984)
Net change in debt — intercompany	(1,131)	—	(2,597)	3,728	—
Repurchase and redemption of preferred stock	(442)	—	—	—	(442)
Dividends paid — third party	(1,318)	—	—	—	(1,318)
Dividends paid and returns of contributed capital — intercompany	—	(525)	(1,612)	2,137	—
Capital contributions from parent	—	1	168	(169)	—
Net cash (used in) provided by financing activities	(4,899)	(524)	3,459	5,696	3,732
Effect of exchange-rate changes on cash and cash equivalents	—	—	(1)	—	(1)
Net (decrease) increase in cash and cash equivalents	(106)	—	517	(129)	282
Cash and cash equivalents at beginning of year	2,286	—	3,905	(615)	5,576
Cash and cash equivalents at June 30	$2,180	$—	$4,422	$(744)	$5,858

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Six months ended June 30, 2014 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$1,030	$1,489	$2,314	$(3,320)	$ 1,513
Investing activities					
Purchases of available-for-sale securities	—	—	(2,411)	—	(2,411)
Proceeds from sales of available-for-sale securities	—	—	2,144	—	2,144
Proceeds from maturities and repayments of available-for-sale securities	—	—	1,136	—	1,136
Net decrease (increase) in finance receivables and loans	2,737	—	(3,473)	—	(736)
Net (increase) decrease in loans — intercompany	(547)	—	25	522	—
Net decrease (increase) in operating lease assets	17	—	(2,206)	—	(2,189)
Capital contributions to subsidiaries	(687)	—	—	687	—
Returns of contributed capital	1,126	—	—	(1,126)	—
Proceeds from sale of business unit, net	46	—	1	—	47
Net change in restricted cash	(3)	—	2,063	—	2,060
Other, net	(9)	—	48	—	39
Net cash provided by (used in) investing activities	2,680	—	(2,673)	83	90
Financing activities					
Net change in short-term borrowings — third party	115	—	(2,296)	—	(2,181)
Net (decrease) increase in deposits	(42)	—	2,783	—	2,741
Proceeds from issuance of long-term debt — third party	1,305	—	13,651	—	14,956
Repayments of long-term debt — third party	(5,521)	—	(11,218)	—	(16,739)
Net change in debt — intercompany	(23)	—	548	(525)	—
Dividends paid — third party	(134)	—	—	—	(134)
Dividends paid and returns of contributed capital — intercompany	—	(1,500)	(2,947)	4,447	—
Capital contributions from parent	—	—	687	(687)	—
Net cash (used in) provided by financing activities	(4,300)	(1,500)	1,208	3,235	(1,357)
Net (decrease) increase in cash and cash equivalents	(590)	(11)	849	(2)	246
Cash and cash equivalents at beginning of year	2,930	37	2,974	(410)	5,531
Cash and cash equivalents at June 30	$2,340	$26	$3,823	$(412)	$ 5,777

26. Contingencies and Other Risks

In the normal course of business, we enter into transactions that expose us to varying degrees of risk. For additional information on contingencies and other risks arising from such transactions, refer to Note 30 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K.

Legal Proceedings

We are or may be subject to potential liability under various governmental proceedings, claims, and legal actions that are pending or otherwise asserted against us. We are named as defendants in a number of legal actions, and we are involved in governmental proceedings arising in connection with our respective businesses. Some of the pending actions purport to be class actions, and certain legal actions include claims for substantial compensatory and/or punitive damages or claims for indeterminate amounts of damages. We establish reserves for legal claims when payments associated with the claims become probable and the payments can be reasonably estimated. Given the inherent difficulty of predicting the outcome of litigation and regulatory matters, it is generally very difficult to predict what the eventual outcome will be, and when the matter will be resolved. The actual costs of resolving legal claims may be higher or lower than any amounts reserved for the claims.

On the basis of information currently available, advice of counsel, available insurance coverage, and established reserves, it is the opinion of management that the eventual outcome of the current actions against us will not have a material adverse effect on our consolidated financial condition, results of operations, or cash flows. However, it is possible that the ultimate resolution of legal matters, if unfavorable, may be material to our consolidated financial condition, results of operations, or cash flows in a particular period.

Regulatory Matters

Ally and its subsidiaries, including Ally Bank, are or may become involved from time to time in formal and informal reviews, investigations, examinations, proceedings, and information-gathering requests by federal and state government and self-regulatory agencies, including, among others, the U.S. Department of Justice (DOJ), SEC, Consumer Financial Protection Bureau (CFPB), the FRB, the FDIC, the Utah Department of Financial Institutions, and the Federal Trade Commission regarding their respective operations.

Mortgage Matters

We have received subpoenas from the DOJ that include a broad request for documentation and other information relating to residential mortgage-backed securities issued by our former mortgage subsidiary, Residential Capital, LLC and its subsidiaries (ResCap RMBS). In connection with these requests, the DOJ is investigating potential fraud and other potential legal claims related to ResCap RMBS, including its investigation of potential claims under the Financial Institutions Reform, Recovery, and Enforcement Act of 1989. The DOJ is also investigating potential claims under the False Claims Act (FCA) related to representations made by us in connection with investments in Ally made by the United States Department of the Treasury pursuant to the Troubled Asset Relief Program in 2008 and 2009 regarding certain claims against Residential Capital, LLC or its subsidiaries at that time. We continue to engage in discussions with the DOJ with respect to legal and factual aspects of their investigations and potential claims. Further, at the request of the DOJ, we have entered into an agreement to voluntarily extend the statutes of limitations related to potential FCA claims to the end of January 2016.

We have separately received subpoenas and document requests from the SEC that include information covering a wide range of mortgage-related matters.

These matters could result in material adverse consequences including, without limitation, adverse judgments, significant settlements, fines, penalties, injunctions, or other actions.

Automotive Subprime Matters

In October 2014 we received a document request from the SEC in connection with its investigation related to subprime automotive finance and related securitization activities. Separately, in December 2014, we received a subpoena from the DOJ requesting similar information. In May 2015, we received an information request from the New York Department of Financial Services requesting similar information. We are currently cooperating with each of these agencies with respect to these matters. These matters could result in material adverse consequences including, without limitation, adverse judgments, significant settlements, fines, penalties, injunctions, or other actions.

CFPB

In December 2013, Ally Financial Inc. and Ally Bank entered into Consent Orders issued by the CFPB and the DOJ pertaining to the allegation of disparate impact in the automotive finance business. The Consent Orders require Ally to create a compliance plan addressing, at a minimum, the communication of Ally's expectations of Equal Credit Opportunity Act compliance to dealers, maintenance of Ally's existing limits on dealer finance income for contracts acquired by Ally, and monitoring for potential discrimination both at the dealer level and within our portfolio of contracts acquired across all dealers. Ally formed a compliance committee consisting of certain Ally and Ally Bank directors to oversee Ally's execution of the Consent Orders' terms. Ally is required to meet certain stipulations under the Consent Orders, including a requirement to make monetary payments when ongoing remediation targets are not attained. These matters could result in material adverse consequences including, without limitation, adverse judgments, significant settlements, fines, penalties, injunctions, or other actions.

Other Contingencies

We are subject to potential liability under various other exposures including tax, nonrecourse loans, self-insurance, and other miscellaneous contingencies. We establish reserves for these contingencies when the loss becomes probable and the amount can be reasonably estimated. The actual costs of resolving these items may be substantially higher or lower than the amounts reserved for any one item. Based on information currently available, it is the opinion of management that the eventual outcome of these items will not have a material adverse impact on our results of

operations, financial position, or cash flows.

27. Subsequent Events

Declaration of Quarterly Dividend Payments

On July 22, 2015, the Ally Board of Directors declared quarterly dividend payments on certain outstanding preferred stock. This included a cash dividend of $17.89 per share, or a total of $23 million, on Fixed Rate Cumulative Perpetual Preferred Stock, Series G; and a cash dividend of $0.53 per share, or a total of $15 million, on Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A. The dividends are payable to shareholders of record as of August 1, 2015 and are payable on August 17, 2015.

Additions to Board of Directors

On July 22, 2015, Maureen Breakiron-Evans and Michael Steib were appointed to the board of directors.

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Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Selected Financial Data

The selected historical financial information set forth below should be read in conjunction with Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations, our Condensed Consolidated Financial Statements, and the Notes to Condensed Consolidated Financial Statements. The historical financial information presented may not be indicative of our future performance.

The following table presents selected statement of comprehensive income data.

	Three months ended June 30,		Six months ended June 30,	
($ in millions, except per share data)	2015	2014	2015	2014
Total financing revenue and other interest income	$2,087	$2,103	$4,171	$4,178
Total interest expense	608	728	1,220	1,440
Depreciation expense on operating lease assets	563	509	1,185	1,051
Net financing revenue	916	866	1,766	1,687
Total other revenue	211	365	454	686
Total net revenue	1,127	1,231	2,220	2,373
Provision for loan losses	140	63	256	200
Total noninterest expense	724	821	1,419	1,534
Income from continuing operations before income tax expense	263	347	545	639
Income tax expense from continuing operations	94	64	197	158
Net income from continuing operations	169	283	348	481
Income from discontinued operations, net of tax	13	40	410	69
Net income	$182	$323	$758	$550
Basic and diluted earnings per common share:				
Net (loss) income from continuing operations	$(2.24)	$0.45	$(2.01)	$0.73
Net (loss) income	(2.22)	0.54	(1.16)	0.87
Market price per common share:				
High closing	$23.66	$25.21	$23.88	$25.21
Low closing	19.95	23.46	18.71	23.46
Period end closing	22.43	23.91	22.43	23.91

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The following table presents selected balance sheet and ratio data.

($ in millions)	At and for the three months ended June 30, 2015	2014	At and for the six months ended June 30, 2015	2014
Selected period-end balance sheet data:				
Total assets	$156,472	$149,937	$156,472	$149,937
Long-term debt	$65,852	$67,913	$65,852	$67,913
Preferred stock	$813	$1,255	$813	$1,255
Total equity	$14,295	$14,878	$14,295	$14,878
Financial ratios:				
Return on average assets (a)	0.48 %	0.87 %	1.00 %	0.74 %
Return on average equity (a)	4.98 %	8.84 %	10.08 %	7.65 %
Return on average tangible common equity (non-GAAP) (b)	(30.43)%	7.72 %	(8.13)%	6.28 %
Equity to assets (a)	9.57 %	9.79 %	9.97 %	9.66 %
Net interest spread (a)(c)	2.43 %	2.35 %	2.37 %	2.31 %
Net interest spread excluding original issue discount (a)(c)	2.48 %	2.52 %	2.42 %	2.47 %
Net yield on interest-earning assets (a)(d)	2.55 %	2.49 %	2.49 %	2.45 %
Net yield on interest-earning assets excluding original issue discount (a)(d)	2.58 %	2.63 %	2.52 %	2.58 %

(a) The ratios were based on average assets and average equity using a combination of monthly and daily average methodologies.

(b) Return on average tangible common equity represents net income available to common shareholders under accounting principles generally accepted in the United States of America (GAAP) divided by a two-period average of tangible common equity, which is total shareholder's equity less preferred stock.

(c) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities, excluding discontinued operations for the periods shown.

(d) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

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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. To assess our capital adequacy against the full impact of U.S. Basel III, we also present "fully phased-in" information that reflects regulatory capital rules that will take effect as of January 1, 2019. Refer to Note 19 to the Condensed Consolidated Financial Statements for further information. The following table presents selected regulatory capital data.

	Under Basel III				Under Basel I	
	Transitional		Fully Phased-in			
($ in millions)	June 30, 2015				June 30, 2014	
Common Equity Tier 1 capital ratio (a)	9.83	%	9.29	%	9.39	%
Tier 1 capital ratio (b)	11.74	%	11.65	%	12.33	%
Total capital ratio (c)	12.63	%	12.56	%	13.20	%
Tier 1 leverage (to adjusted quarterly average assets) (d)	10.35	%	10.33	%	10.72	%
Total equity	$14,295		$14,295		$14,878	
Preferred stock	(813	)	(813	)	(1,255	)
Goodwill and certain other intangibles	(27	)	(27	)	(27	)
Unrealized gains and other adjustments	(274	)	(934	)	(1,466	)
Common Equity Tier 1 capital (non-GAAP) (a)	13,181		12,521		12,130	
Preferred stock	725		696		1,255	
Trust preferred securities	2,546		2,546		2,545	
Other adjustments	(718	)	(58	)	—	
Tier 1 capital (b)	$15,734		$15,705		$15,930	
Risk-weighted assets (e)	$134,023		$134,791		$129,241	

(a) Common Equity Tier 1 Capital generally consists of common stock (plus any related surplus and net of any treasury stock), retained earnings, accumulated other comprehensive income, and minority interests in the common equity of consolidated subsidiaries, together subject to certain adjustments and deductions. At June 30, 2014, the capital ratio presented reflects the Tier 1 common ratio, the closest analogue under U.S. Basel I to the Common Equity Tier 1 capital ratio introduced by U.S. Basel III. We consider various measures when evaluating capital utilization and adequacy, including the Common Equity Tier 1 Capital ratio. Because GAAP does not include capital ratio measures, we believe there are no comparable GAAP financial measures to these ratios. Common Equity Tier 1 Capital is not formally defined by GAAP and, therefore, is considered to be a non-GAAP financial measure. We believe the Common Equity Tier 1 Capital measure is important because we believe analysts and banking regulators may assess our capital adequacy using this ratio. Additionally, presentation of this measure allows readers to compare certain aspects of our capital adequacy on the same basis to other companies in the industry.

(b) Tier 1 capital generally consists of common equity, minority interests, qualifying noncumulative preferred stock, and the fixed rate cumulative preferred stock sold to the U.S. Department of the Treasury (Treasury) under the Troubled Asset Relief Program, less goodwill and other adjustments.

(c) Total capital is the sum of Tier 1 and Tier 2 capital. Tier 2 capital generally consists of preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments.

(d) Tier 1 leverage equals Tier 1 capital divided by adjusted quarterly average total assets (which reflects adjustments for disallowed goodwill and certain intangible assets).

(e)

Risk-weighted assets are defined by regulation and are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories.

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Overview

Ally Financial Inc. 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.

Initial Public Offering of Common Stock and Stock Split

In April 2014, we completed an initial public offering (IPO) of 95 million shares of common stock at $25 per share. Proceeds from the offering amounted to $2.4 billion, which were obtained by the U.S. Department of the Treasury (Treasury) as the single selling stockholder. In May 2014, the underwriters on the IPO elected to partially exercise the over-allotment option to purchase an additional 7,245,670 shares of Ally common stock at the IPO price of $25 per share. In connection with the IPO, we effected a 310-for-one stock split on shares of our common stock, $0.01 par value per share. Accordingly, all references in this MD&A and in the Condensed Consolidated Financial Statements to share and per share amounts relating to common stock have been adjusted, on a retroactive basis, to recognize the 310-for-one stock split.

Discontinued Operations

During 2013 and 2012, certain disposal groups met the criteria to be presented as discontinued operations. For all periods presented, the operating results for these operations have been removed from continuing operations. Refer to Note 2 to the Condensed Consolidated Financial Statements for more details. The MD&A has been adjusted to exclude discontinued operations unless otherwise noted.

Primary Lines of Business

Dealer Financial Services, which includes our Automotive Finance and Insurance operations, and Mortgage are our primary lines of business. The following table summarizes the operating results excluding discontinued operations of each line of business. Operating results for each of the lines of business are more fully described in the MD&A sections that follow.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Total net revenue (loss)						
Dealer Financial Services						
Automotive Finance operations	$905	$946	(4)	$1,766	$1,830	(3)
Insurance operations	282	306	(8)	562	593	(5)
Mortgage operations	21	21	—	104	39	167
Corporate and Other	(81)	(42)	(93)	(212)	(89)	(138)
Total	$1,127	$1,231	(8)	$2,220	$2,373	(6)
Income (loss) from continuing operations before income tax expense						
Dealer Financial Services						
Automotive Finance operations	$401	$461	(13)	$732	$800	(9)
Insurance operations	15	(23)	165	93	51	82
Mortgage operations	8	27	(70)	77	44	75
Corporate and Other	(161)	(118)	(36)	(357)	(256)	(39)
Total	$263	$347	(24)	$545	$639	(15)

- Our Dealer Financial Services operations offer a wide range of financial services and products to retail automotive consumers and automotive dealerships. Our Dealer Financial Services consist of two separate reportable segments —

Automotive Finance and Insurance operations. Our automotive finance 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.

Our Insurance operations offer both consumer finance protection 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 finance and insurance products, we provide vehicle service contracts (VSC), maintenance coverage, and guaranteed automobile protection (GAP) products. We also underwrite selected commercial insurance coverage, which primarily insures dealers' vehicle inventories.

As part of our continued efforts to diversify, in March 2015, our Insurance operations initially launched our new flagship vehicle service contract offering, Ally Premier Protection, nationwide for new and used vehicles of virtually all makes and models in June 2015. Ally Premier Protection replaces the General Motors Protection Plan nameplate.
On April 27, 2015, we announced that Mitsubishi Motors North America, Inc. (MMNA) selected Ally as the preferred provider of leasing and financing in the United States, replacing MMNA's captive finance company, Mitsubishi Motors Credit of America, Inc. (MMCA). The agreement broadens our existing relationship with Mitsubishi, and makes our full suite of products and services available to all MMNA dealers and their customers. We have begun providing commercial financing to dealerships that are currently financing through MMCA, with the potential to increase dealership relationships in the future. In addition, we have executed a letter of intent to purchase the existing consumer portfolio from MMCA, which includes approximately $0.7 billion in retail financings and leases.
On May 1, 2015, we were named as the preferred financing source for Aston Martin, and we have begun offering our full suite of automotive financial products and services at Aston Martin’s network of dealerships in the United States.

- Our ongoing Mortgage operations are limited to the management of our held-for-investment and held-for-sale mortgage loan portfolios, and include the execution of bulk purchases of high-quality jumbo mortgage loans originated by third parties. During the six months ended June 30, 2015, we continued to execute bulk purchases of mortgage loans that were originated by third parties. Year-to-date purchases have totaled $2.65 billion. We expect this activity to continue in support of our treasury asset liability management (ALM) activities and diversification. Further, we executed the sale of a portfolio of troubled debt restructured (TDR) loans totaling $614 million of unpaid principal balance during the three months ended March 31, 2015.
- Corporate and Other primarily consists of Corporate Finance, centralized corporate treasury activities, such as management of the cash and corporate investment securities and loan 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 ALM activities. Corporate and Other also includes certain equity investments, reclassifications and eliminations between the reportable operating segments, and overhead that was previously allocated to operations that have since been sold or classified as discontinued operations. Corporate Finance provides senior secured commercial-lending products to primarily U.S.-based middle market companies. Effective May 1, 2014, Corporate Finance was aligned under Ally Bank, allowing this business to have a more competitive source of funding.

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Consolidated Results of Operations

The following table summarizes our consolidated operating results excluding discontinued operations for the periods shown. Refer to the operating segment sections of the MD&A that follows for a more complete discussion of operating results by line of business.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Net financing revenue						
Total financing revenue and other interest income	$2,087	$2,103	(1)	$4,171	$4,178	—
Total interest expense	608	728	16	1,220	1,440	15
Depreciation expense on operating lease assets	563	509	(11)	1,185	1,051	(13)
Net financing revenue	916	866	6	1,766	1,687	5
Other revenue						
Servicing fees	10	7	43	20	16	25
Insurance premiums and service revenue earned	237	249	(5)	470	490	(4)
Gain on mortgage and automotive loans, net	1	6	(83)	47	6	n/m
Loss on extinguishment of debt	(156)	(7)	n/m	(354)	(46)	n/m
Other gain on investments, net	45	41	10	100	84	19
Other income, net of losses	74	69	7	171	136	26
Total other revenue	211	365	(42)	454	686	(34)
Total net revenue	1,127	1,231	(8)	2,220	2,373	(6)
Provision for loan losses	140	63	(122)	256	200	(28)
Noninterest expense						
Compensation and benefits expense	236	215	(10)	491	469	(5)
Insurance losses and loss adjustment expenses	122	188	35	178	256	30
Other operating expenses	366	418	12	750	809	7
Total noninterest expense	724	821	12	1,419	1,534	7
Income from continuing operations before income tax expense	263	347	(24)	545	639	(15)
Income tax expense from continuing operations	94	64	(47)	197	158	(25)
Net income from continuing operations	$169	$283	(40)	$348	$481	(28)

n/m = not meaningful

We earned net income from continuing operations of $169 million and $348 million for the three months and six months ended June 30, 2015, respectively, compared to $283 million and $481 million for the three months and six months ended June 30, 2014, respectively. Net income from continuing operations for the three months and six months ended June 30, 2015 was unfavorably impacted by higher losses on extinguishment of debt resulting from debt tender offers during 2015, and an increase in depreciation expense related to lower lease remarketing gains. Additionally, results for the three months ended June 30, 2015 were unfavorably impacted by an increase in provision for loan losses primarily resulting from growth in our consumer loan portfolio and lower reserve releases in our

Mortgage operations. Unfavorable results for the three months and six months ended June 30, 2015 were partially offset by lower funding costs resulting from the maturity and repayment of higher-cost debt and lower original issue discount (OID) amortization expense related to bond maturities and normal monthly amortization, as well as lower wholesale weather-related losses and lower non-weather related losses at our Insurance operations.

Total interest expense decreased 16% and 15% for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily due to lower funding costs as a result of continued deposit growth, the repayment of higher-cost legacy debt, and a decrease in OID amortization expense.

Depreciation expense on operating lease assets increased $54 million and $134 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The increases were primarily due to lower lease remarketing gains and decreases in lease termination volume.

Net gain on mortgage and automotive loans decreased $5 million and increased $41 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The increase for the six months ended June 30, 2015, was primarily due to the sale of a portfolio of TDR loans at our Mortgage operations during the first quarter of 2015.

We incurred a loss on extinguishment of debt of $156 million and $354 million for the three months and six months ended June 30, 2015, respectively, compared to $7 million and $46 million for the same periods in 2014. The increases were due primarily to the execution of tender offers for legacy, high-cost debt in 2015.

Other gain on investments, net, was $45 million and $100 million for the three months and six months ended June 30, 2015, respectively, compared to $41 million and $84 million for the same periods in 2014. The increases were primarily due to a decrease in other-than-temporary-impairment recognized on certain equity securities, as well as increased sales of certain debt securities during the second quarter of 2015.

Other income, net of losses, increased $5 million and $35 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The increase for the six months ended June 30, 2015, was primarily due to an increase in income from certain equity method investments.

The provision for loan losses was $140 million and $256 million for the three months and six months ended June 30, 2015, respectively, compared to $63 million and $200 million for the same periods in 2014. The increases were primarily due to growth in our consumer loan portfolio and the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum, as well as lower reserve releases at our Mortgage operations, partially offset by continued strong performance of our commercial loan portfolio.

Total noninterest expense decreased $97 million and $115 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The decreases were primarily due to lower wholesale weather-related losses and lower non-weather related losses at our Insurance operations, as well as the overall streamlining of the company from strategic actions.

We recognized total income tax expense from continuing operations of $94 million and $197 million for the three months and six months ended June 30, 2015, respectively, compared to income tax expense of $64 million and $158 million for the same periods in 2014. The increases in income tax expense were primarily driven by a non-recurring tax benefit in the second quarter of 2014 related to the reduction in the liability for unrecognized tax benefits as a result of the completion of the U.S. federal audit related to our 2009 - 2011 tax years.

In calculating the provision for income taxes from continuing operations, we apply an estimated annual effective tax rate to year-to-date ordinary income on an interim basis. Refer to Note 1 to the Condensed Consolidated Financial Statements for further details.

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Dealer Financial Services

Results for Dealer Financial Services are presented by reportable segment, which includes our Automotive Finance and Insurance operations.

Automotive Finance Operations

Results of Operations

The following table summarizes the operating results of our Automotive Finance operations excluding discontinued operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Net financing revenue						
Consumer	$785	$763	3	$1,530	$1,502	2
Commercial	235	262	(10)	473	526	(10)
Loans held-for-sale	14	—	n/m	33	—	n/m
Operating leases	860	884	(3)	1,756	1,754	—
Other interest income	2	2	—	4	5	(20)
Total financing revenue and other interest income	1,896	1,911	(1)	3,796	3,787	—
Interest expense	483	518	7	952	1,032	8
Depreciation expense on operating lease assets	563	509	(11)	1,185	1,051	(13)
Net financing revenue	850	884	(4)	1,659	1,704	(3)
Other revenue						
Servicing fees	10	7	43	20	16	25
Loss on automotive loans, net	(6)	—	n/m	(21)	—	n/m
Other income	51	55	(7)	108	110	(2)
Total other revenue	55	62	(11)	107	126	(15)
Total net revenue	905	946	(4)	1,766	1,830	(3)
Provision for loan losses	132	99	(33)	259	258	—
Noninterest expense						
Compensation and benefits expense	123	106	(16)	249	229	(9)
Other operating expenses	249	280	11	526	543	3
Total noninterest expense	372	386	4	775	772	—
Income from continuing operations before income tax expense	$401	$461	(13)	$732	$800	(9)
Total assets	$113,607	$111,334	2	$113,607	$111,334	2

n/m = not meaningful

Components of net operating lease revenue, included in amounts above, were as follows.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Net operating lease revenue						
Operating lease revenue	$860	$884	(3)	$1,756	$1,754	—

Depreciation expense						
Depreciation expense on operating lease assets (excluding remarketing gains)	671	677	1	1,363	1,328	(3)
Remarketing gains	(108)	(168)	(36)	(178)	(277)	(36)
Total depreciation expense on operating lease assets	563	509	(11)	1,185	1,051	(13)
Total net operating lease revenue	$297	$375	(21)	$571	$703	(19)

Our Automotive Finance operations earned income from continuing operations before income tax expense of $401 million and $732 million for the three months and six months ended June 30, 2015, respectively, compared to $461 million and $800 million for the three months and six months ended June 30, 2014, respectively. Results for the three months and six months ended June 30, 2015 were unfavorably impacted by a decrease in net financing revenue due to lower net lease revenue, primarily resulting from lower lease remarketing gains, partially offset by a decrease in interest expense. Results for the three months ended June 30, 2015 were also unfavorably impacted by an increase in provision for loan losses primarily due to continued growth in the consumer portfolio.

Consumer financing revenue (combined with interest income on consumer loans held-for-sale) increased $36 million and $61 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily due to continued origination growth across the retail channels.

Commercial financing revenue decreased $27 million and $53 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily due to lower yields as a result of a continued competitive wholesale marketplace.

Total net operating lease revenue decreased 21% and 19% for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The decreases were primarily due to lower lease remarketing gains on a per-unit basis, and decreases in lease termination volume. We recognized remarketing gains of $108 million and $178 million for the three months and six months ended June 30, 2015, respectively, compared to $168 million and $277 million for the same periods in 2014.

Interest expense decreased $35 million and $80 million for the three months and six months ended June 30, 2015, respectively, compared to the same period in 2014, primarily due to lower funding costs as a result of an increase in deposits and company-wide liability management actions that include the repayment of higher-cost debt.

The provision for loan losses was $132 million and $259 million for the three months and six months ended June 30, 2015, respectively, compared to $99 million and $258 million for the same periods in 2014. The increase was primarily due to growth in our consumer automotive portfolio and the continued execution of our underwriting strategy to originate consumer assets across a broad risk spectrum, partially offset by continued strong performance of the commercial portfolio.

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Automotive Financing Volume

Consumer Automotive Financing Volume

The following tables present the total U.S. consumer origination dollars and percentage mix by product type.

	Consumer automotive financing originations		% Share of Ally originations	
Three months ended June 30, ($ in millions)	2015	2014	2015	2014
GM				
New retail standard	$2,584	$1,947	24	18
New retail subvented	676	861	6	8
Lease	108	2,708	1	25
Used	1,486	1,403	14	13
Total GM vehicle originations	4,854	6,919		
Chrysler				
New retail standard	1,318	1,021	12	9
Lease	612	365	6	3
Used	615	475	6	4
Total Chrysler vehicle originations	2,545	1,861		
Non-GM/Chrysler				
New retail vehicles	1,304	826	12	8
Lease	241	132	2	1
Used	1,860	1,202	17	11
Total Non-GM/Chrysler vehicle originations	3,405	2,160		
Total consumer automotive financing originations (a)	$10,804	$10,940		

(a) Nonprime originations represented 13.7% of total consumer automotive financing originations during the three months ended June 30, 2015, compared to 9.4% during the three months ended June 30, 2014. We define nonprime consumer automotive loans primarily as those loans with a FICO score (or an equivalent score) at origination of less than 620.

	Consumer automotive financing originations		% Share of Ally originations	
Six months ended June 30, ($ in millions)	2015	2014	2015	2014
GM				
New retail standard	$4,631	$3,475	22	17
New retail subvented	1,200	1,721	6	9
Lease	1,250	5,040	6	25
Used	2,903	2,723	14	14
Total GM vehicle originations	9,984	12,959		
Chrysler				
New retail standard	2,351	1,729	11	9
Lease	1,006	622	5	3
Used	1,158	878	6	4
Total Chrysler vehicle originations	4,515	3,229		
Non-GM/Chrysler				
New retail vehicles	2,315	1,458	11	7
Lease	348	214	2	1
Used	3,486	2,272	17	11
Total Non-GM/Chrysler vehicle originations	6,149	3,944		

Total consumer automotive financing originations (a)	$20,648	$20,132

(a) Nonprime originations represented 12.9% of total consumer automotive financing originations during the six months ended June 30, 2015, compared to 9.3% during the six months ended June 30, 2014.

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Total consumer automotive financing originations decreased $136 million and increased $516 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. Originations outside of the General Motors Company (GM) and Fiat Chrysler Automobiles US LLC (Chrysler) channels (Non-GM/Chrysler) increased 58% and 56% for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, due to continued efforts to expand this business. Chrysler channel volume increased 37% and 40% for the three months and six months ended June 30, 2015, compared to the same periods in 2014. The increase in Non-GM/Chrysler and Chrysler origination volume was, as expected, offset by lower GM lease and new retail subvented business that resulted from GM's recent decision to provide lease subvention programs for their products exclusively through its wholly-owned subsidiary, General Motors Financial Company, Inc. (GMF). As a result of this decision, GM lease origination volume has diminished to a negligible level during the three months ended June 30, 2015. However, GM new retail standard volume increased 33% for both the three months and six months ended June 30, 2015, compared to the same periods in 2014.

For discussion of manufacturing marketing incentives, refer to our Annual Report on Form 10-K for the year ended December 31, 2014, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations — Automotive Finance Operations.

Commercial Wholesale Financing Volume

The following tables summarize the average balances of our commercial wholesale floorplan finance receivables of new and used vehicles and share of dealer inventory in the United States.

	Average balance		% Share of manufacturer franchise dealer inventory	
Three months ended June 30, ($ in millions)	2015	2014	2015	2014
GM new vehicles (a)	$15,246	$17,275	63	65
Chrysler new vehicles (a)	8,150	7,657	44	45
Non-GM/Chrysler new vehicles	3,469	3,011		
Used vehicles	3,379	2,954		
Total commercial wholesale finance receivables	$30,244	$30,897		

(a) Share of dealer inventory based on a 4-point average of dealer inventory (excludes in-transit units).

	Average balance		% Share of manufacturer franchise dealer inventory	
Six months ended June 30, ($ in millions)	2015	2014	2015	2014
GM new vehicles (a)	$15,405	$16,978	63	64
Chrysler new vehicles (a)	8,148	7,838	44	46
Non-GM/Chrysler new vehicles	3,449	3,026		
Used vehicles	3,367	2,990		
Total commercial wholesale finance receivables	$30,369	$30,832		

(a) Share of dealer inventory based on a 7-point average of dealer inventory (excludes in-transit units).

Commercial wholesale financing average volume decreased $653 million and $463 million during the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily due to lower dealer inventories. Wholesale penetration with GM and Chrysler decreased slightly for the three months and six months ended June 30, 2015, compared to the same period in 2014, as a result of increased competition in the wholesale marketplace. The decrease in GM new receivables was partially offset by an increase in Non-GM/Chrysler commercial wholesale financing volume, including higher balances resulting from our agreement with MMNA.

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Insurance Operations
Results of Operations
The following table summarizes the operating results of our Insurance operations excluding discontinued operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Insurance premiums and other income						
Insurance premiums and service revenue earned	$237	$249	(5)	$470	$490	(4)
Investment income, net (a)	41	54	(24)	84	97	(13)
Other income	4	3	33	8	6	33
Total insurance premiums and other income	282	306	(8)	562	593	(5)
Expense						
Insurance losses and loss adjustment expenses	122	188	35	178	256	30
Acquisition and underwriting expense						
Compensation and benefits expense	16	15	(7)	35	31	(13)
Insurance commissions expense	95	93	(2)	188	183	(3)
Other expenses	34	33	(3)	68	72	6
Total acquisition and underwriting expense	145	141	(3)	291	286	(2)
Total expense	267	329	19	469	542	13
Income (loss) from continuing operations before income tax expense	$15	$(23)	165	$93	$51	82
Total assets	$7,260	$7,232	—	$7,260	$7,232	—
Insurance premiums and service revenue written	$262	$266	(2)	$501	$510	(2)
Combined ratio (b)	112.2 %	130.9 %		99.1 %	109.7 %	

(a) Includes gain on investments of $29 million and $62 million for the three months and six months ended June 30, 2015, respectively, and $39 million and $68 million for the three months and six months ended June 30, 2014, respectively; and interest expense of $13 million and $26 million for the three months and six months ended June 30, 2015, respectively, and $13 million and $27 million for the three months and six months ended June 30, 2014, respectively.

(b) Management uses a combined ratio as a primary measure of underwriting profitability. Underwriting profitability is indicated by a combined ratio under 100% and is calculated as the sum of all incurred losses and expenses (excluding interest and income tax expense) divided by the total of premiums and service revenues earned and other fee income.

Our Insurance operations earned income from continuing operations before income tax expense of $15 million and $93 million for the three months and six months ended June 30, 2015, respectively, compared to a loss of $23 million

and income of $51 million for the three months and six months ended June 30, 2014, respectively. The increases were primarily due to lower weather-related losses, partially offset by lower earned premium and service revenue.

Insurance premiums and service revenue earned was $237 million and $470 million for the three months and six months ended June 30, 2015, respectively, compared to $249 million and $490 million for the same periods in 2014. The decreases were due primarily to lower earned revenue on VSC products as a result of unfavorable changes in the Canadian exchange rate and higher dealer reinsurance participation, as well as lower earned revenue from our Smart Lease Protect business as a result of GM's recent decision to provide lease subvention programs for their products exclusively through its wholly-owned subsidiary, GMF.

Insurance losses and loss adjustment expenses totaled $122 million and $178 million for the three months and six months ended June 30, 2015, respectively, compared to $188 million and $256 million for the same periods in 2014. The decreases were primarily due to lower wholesale weather-related losses, which, while seasonally higher in the second quarter of 2015 and in line with historical trends, were low compared to the record losses experienced in the second quarter of 2014. Additionally, we incurred lower non-weather related losses driven by lower loss experience of VSC products. These results primarily drove the decrease in the combined ratio to 112.2% and 99.1% during the three months and six months ended June 30, 2015, respectively, compared to 130.9% and 109.7% for the three months and six months ended June 30, 2014, respectively.

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The following table shows premium and service revenue written by insurance product.

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Vehicle service contracts				
New retail	$114	$110	$211	$205
Used retail	135	131	265	258
Reinsurance	(44)	(39)	(84)	(74)
Total vehicle service contracts	205	202	392	389
Wholesale	41	48	78	92
Other finance and insurance (a)	16	16	31	29
Total	$262	$266	$501	$510

(a) Other finance and insurance includes GAP coverage, excess wear and tear, and other ancillary products.

Insurance premiums and service revenue written was $262 million and $501 million for the three months and six months ended June 30, 2015, respectively, compared to $266 million and $510 million for the same periods in 2014. The decreases were primarily due to lower wholesale premiums due to lower floorplan balances for which we insure, as well as higher vehicle service dealer reinsurance participation. The decreases were partially offset by higher premium revenue from new and used vehicle service contracts.

Cash and Investments

A significant aspect of our Insurance operations is the investment of proceeds from premiums and other revenue sources. We use these investments to satisfy our obligations related to future claims at the time these claims are settled. Our Insurance operations have an Investment Committee, which develops guidelines and strategies for these investments. The guidelines established by this committee reflect our risk tolerance, liquidity requirements, regulatory requirements, and rating agency considerations, among other factors.

The following table summarizes the composition of our Insurance operations cash and investment portfolio at fair value.

($ in millions)	June 30, 2015	December 31, 2014
Cash		
Noninterest-bearing cash	$269	$239
Interest-bearing cash	1,050	1,289
Total cash	1,319	1,528
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	195	392
U.S. States and political subdivisions	551	406
Foreign government	200	232
Mortgage-backed	995	1,097
Asset-backed	6	6
Corporate debt	1,058	746
Total debt securities	3,005	2,879
Equity securities	988	906
Total available-for-sale securities	3,993	3,785
Total cash and securities	$5,312	$5,313

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Mortgage Operations

Results of Operations

The following table summarizes the operating results for our Mortgage operations excluding discontinued operations for the periods shown. The amounts presented are before the elimination of balances and transactions with our other reportable segments.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Net financing revenue						
Total financing revenue and other interest income	$70	$73	(4)	$140	$149	(6)
Total interest expense	55	61	10	110	123	11
Net financing revenue	15	12	25	30	26	15
Gain on mortgage loans, net	4	6	(33)	70	6	n/m
Other income, net of losses	2	3	(33)	4	7	(43)
Total other revenue	6	9	(33)	74	13	n/m
Total net revenue	21	21	—	104	39	167
Provision for loan losses	3	(25)	(112)	(2)	(48)	(96)
Total noninterest expense	10	19	47	29	43	33
Income from continuing operations before income tax expense	$8	$27	(70)	$77	$44	75
Total assets	$9,249	$7,640	21	$9,249	$7,640	21

n/m = not meaningful

Our Mortgage operations earned income from continuing operations before income tax expense of $8 million and $77 million for the three months and six months ended June 30, 2015, respectively, compared to $27 million and $44 million for the three months and six months ended June 30, 2014. The increase for the six months ended June 30, 2015, was primarily due to the first quarter net gain on sale of a portfolio of TDR loans, totaling $614 million of unpaid principal balance, offset by higher provision for loan losses. The decrease for the three months ended June 30, 2015, was primarily driven by higher provision for loan losses.

Net financing revenue was $15 million and $30 million for the three months and six months ended June 30, 2015, respectively, compared to $12 million and $26 million for the same periods in 2014, primarily due to lower interest expense as a result of lower funding costs.

We recognized a net gain on mortgage loans of $4 million and $70 million for the three months and six months ended June 30, 2015, respectively, compared to $6 million in the same periods in 2014. The increase for the six months ended June 30, 2015, was primarily due to the first quarter sale of a portfolio of TDR loans, totaling $614 million of unpaid principal balance.

The provision for loan losses increased $28 million and $46 million for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014, primarily due to lower reserve releases.

Total noninterest expense decreased 47% and 33% for the three months and six months ended June 30, 2015, respectively, compared to the same periods in 2014. The decreases were primarily due to lower representation and warranty expense and the sale of our Document Custody Division during the second quarter of 2014.

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Corporate and Other

The following table summarizes the activities of Corporate and Other excluding discontinued operations for the periods shown. Corporate and Other primarily consists of Corporate Finance, centralized corporate treasury activities, such as management of the cash and corporate investment securities and loan portfolios, short- and long-term debt, retail and brokered deposit liabilities, derivative instruments, the amortization of the discount associated with new debt issuances and bond exchanges, and the residual impacts of our corporate FTP and treasury 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. Corporate Finance provides senior secured commercial-lending products to primarily U.S.-based middle market companies. Effective May 1, 2014, Corporate Finance was aligned under Ally Bank, allowing this business to have a more stable and competitive source of funding.

	Three months ended June 30,			Six months ended June 30,		
($ in millions)	2015	2014	Favorable/ (unfavorable) % change	2015	2014	Favorable/ (unfavorable) % change
Net financing revenue (loss)						
Total financing revenue and other interest income	$94	$90	4	$183	$184	(1)
Interest expense						
Original issue discount amortization	15	50	70	29	98	70
Other interest expense	42	86	51	103	160	36
Total interest expense	57	136	58	132	258	49
Net financing revenue (loss) (a)	37	(46)	180	51	(74)	169
Other (expense) revenue						
Loss on extinguishment of debt	(156)	(7)	n/m	(354)	(46)	n/m
Other gain on investments, net	16	2	n/m	38	16	138
Other income, net of losses	22	9	144	53	15	n/m
Total other (expense) revenue	(118)	4	n/m	(263)	(15)	n/m
Total net loss	(81)	(42)	(93)	(212)	(89)	(138)
Provision for loan losses	5	(11)	(145)	(1)	(10)	(90)
Total noninterest expense (b)	75	87	14	146	177	18
Loss from continuing operations before income tax expense	$(161)	$(118)	(36)	$(357)	$(256)	(39)
Total assets	$26,356	$23,731	11	$26,356	$23,731	11

n/m = not meaningful

(a) Refer to the table that follows for further details on the components of net financing revenue (loss).

(b) Includes a reduction of $161 million and $341 million for the three months and six months ended June 30, 2015, respectively, and $161 million and $346 million for the three months and six months ended June 30, 2014, respectively, related to the allocation of corporate overhead expenses to other segments. The receiving segments record their allocation of corporate overhead expense within other operating expense.

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The following table summarizes the components of net financing revenue (loss) for Corporate and Other.

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Original issue discount amortization (a)	$(15)	$(50)	$(29)	$(98)
Net impact of the funds-transfer pricing methodology	26	(16)	30	(13)
Other (including Corporate Finance net financing revenue)	26	20	50	37
Total net financing revenue (loss) for Corporate and Other	$37	$(46)	$51	$(74)
Outstanding original issue discount balance	$1,416	$1,491	$1,416	$1,491

(a) Amortization is included as interest on long-term debt in the Condensed Consolidated Statement of Comprehensive Income.

The following table presents the scheduled remaining amortization of the original issue discount at June 30, 2015.

Year ended December 31, ($ in millions)	2015	2016	2017	2018	2019	2020 and thereafter (a)	Total
Original issue discount							
Outstanding balance	$1,383	$1,309	$1,223	$1,126	$1,092	$1,057	
Total amortization (b)	33	74	86	97	34	1,092	$1,416

(a) The maximum annual scheduled amortization for any individual year is $158 million in 2030.

(b) The amortization is included as interest on long-term debt on the Condensed Consolidated Statement of Comprehensive Income.

Corporate and Other incurred a loss from continuing operations before income tax expense of $161 million and $357 million for the three months and six months ended June 30, 2015, respectively, compared to a loss of $118 million and $256 million for the three months and six months ended June 30, 2014, respectively. The increase in loss from continuing operations before income tax expense for the three months and six months ended June 30, 2015 was primarily due to an increase in loss on the extinguishment of debt resulting from debt tender offers, partially offset by a decrease in interest expense. During the first quarter of 2015, we completed a tender offer to buy back $950 million of our high-coupon debt, resulting in the recording of a loss of $197 million on extinguishment of debt in the first quarter related to this transaction. During the second quarter of 2015, we completed a tender offer to buy back $875 million of our high-coupon debt, which we recorded a loss of $148 million on extinguishment of debt in the second quarter related to this transaction. We expect to continue accessing the unsecured debt capital markets as well as reducing our high-cost debt on an opportunistic basis. Interest expense decreased primarily as a result of lower funding costs resulting from the maturity and repayment of higher-cost debt, and lower OID amortization expense related to bond maturities and normal monthly amortization.

Corporate and Other also includes the results of Corporate Finance which earned income from continuing operations before income tax expense of $12 million and $31 million for the three months and six months ended June 30, 2015, respectively, compared to $27 million and $37 million for the three months and six months ended June 30, 2014, respectively. The decrease was primarily driven by lower recoveries of loan loss exposures compared to 2014, as well as increased reserves due primarily to higher asset levels. This decrease was partially offset by higher net financing revenue due primarily to asset growth in this business.

Cash and Securities

The following table summarizes the composition of the cash and securities portfolio held at fair value by Corporate and Other.

($ in millions)	June 30, 2015	December 31, 2014
Cash		
Noninterest-bearing cash	$1,443	$1,083

Interest-bearing cash	3,063	2,933
Total cash	4,506	4,016
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	1,980	786
U.S. States and political subdivisions	18	—
Mortgage-backed	11,102	9,581
Asset-backed	2,049	1,985
Total debt securities	15,149	12,352
Total cash and securities	$19,655	$16,368

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Risk Management

Managing the risk/reward trade-off is a fundamental component of operating our businesses. Our risk management program is overseen by the Board, various risk committees, the executive leadership team, and our associates. The Risk and Compliance Committee of the Board, together with the Board, sets the risk appetite across our company while the risk committees, executive leadership team, and our associates identify and monitor current and emerging risks and manage those risks to be within our risk appetite. Ally's primary types of risk include credit, lease residual, market, operational, insurance/underwriting, and liquidity. For more information on our risk management process, refer to the Risk Management MD&A section of our 2014 Annual Report on Form 10-K.

Loan and Lease Exposure

The following table summarizes the exposures from our loan and lease activities.

($ in millions)	June 30, 2015	December 31, 2014
Finance receivables and loans		
Automotive Finance operations	$93,812	$90,592
Mortgage operations	9,212	7,474
Corporate and Other	2,149	1,882
Total finance receivables and loans	105,173	99,948
Loans held-for-sale		
Automotive Finance operations	1,356	1,515
Mortgage operations	46	452
Corporate and Other	36	36
Total loans held-for-sale	1,438	2,003
Total on-balance sheet loans	$106,611	$101,951
Off-balance sheet securitized loans		
Automotive Finance operations (a)	$2,212	$2,801
Total off-balance sheet securitized loans	$2,212	$2,801
Operating lease assets		
Automotive Finance operations	$17,950	$19,510
Total operating lease assets	$17,950	$19,510
Serviced loans and leases		
Automotive Finance operations (b)	$116,761	$115,391
Mortgage operations	9,258	7,926
Corporate and Other	1,916	1,347
Total serviced loans and leases	$127,935	$124,664

(a) Represents the current unpaid principal balance of outstanding loans based on our customary representation and warranty provisions.

(b) Includes $1.3 billion and $887 million of off-balance sheet whole-loan transactions at June 30, 2015, and December 31, 2014, respectively.

The risks inherent in our loan and lease exposures are largely driven by changes in the overall economy, used vehicle and housing price levels, unemployment levels, and their impact to our borrowers. The potential financial statement impact of these exposures varies depending on the accounting classification and future expected disposition strategy. We retain the majority of our automotive loans as they complement our core business model, but we do sell loans from time to time on an opportunistic basis. We ultimately manage the associated risks based on the underlying economics of the exposure.

Credit Risk Management

Credit risk is defined as the potential failure to receive payments due from an obligor in accordance with contractual obligations. Therefore, credit risk is a major source of potential economic loss to us. Credit risk is monitored by several groups and functions throughout the organization, including enterprise and line of business committees and the risk management function. Together, they oversee the credit decisioning and management processes, and monitor credit risk exposures to ensure they are managed in a safe-and-sound manner and are within our risk appetite. In addition, our Loan Review Group provides an independent assessment of the quality of our credit portfolios and credit risk management practices, and directly reports its findings to the Risk and Compliance Committee of the Board on a regular basis.

To mitigate risk, we have implemented specific policies and practices across all lines of business, utilizing both qualitative and quantitative analyses. This reflects our commitment to maintain an independent and ongoing assessment of credit risk and credit quality. Our policies require an objective and timely assessment of the overall quality of the consumer and commercial loan and lease portfolios. This includes the identification of relevant trends that affect the collectability of the portfolios, segments of the portfolios that are potential problem

areas, loans and leases with potential credit weaknesses, and the assessment of the adequacy of internal credit risk policies and procedures to monitor compliance with relevant laws and regulations. Our consumer and commercial loan and lease portfolios are subject to regular stress tests that are based on plausible, but unexpected, economic scenarios to ensure that we can weather a severe economic downturn. In addition, we maintain limits and underwriting policies that reflect our risk appetite.

We manage credit risk based on the risk profile of the borrower, the source of repayment, the underlying collateral, and current market conditions. We monitor the credit risk profile of individual borrowers and the aggregate portfolio of borrowers either within a designated geographic region or a particular product or industry segment. We perform ongoing analyses of the consumer automotive, consumer mortgage, and commercial portfolios using a range of indicators to assess the adequacy of the allowance based on historical and current trends. Refer to Note 7 to the Condensed Consolidated Financial Statements for additional information.

Additionally, we utilize numerous collection strategies to mitigate loss and provide ongoing support to customers in financial distress. For automotive loans, we work with customers when they become delinquent on their monthly payment. In lieu of repossessing their vehicle, we may offer several types of assistance to aid our customers based on their willingness and ability to repay their loan. Loss mitigation may include extension of the loan maturity date and rewriting the loan terms. For mortgage loans, as part of our participation in certain governmental programs, we offer mortgage loan modifications to qualified borrowers. 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.

Furthermore, we manage our counterparty credit exposure based on the risk profile of the counterparty. Within our policies, we have established standards and requirements for managing counterparty risk exposures in a safe-and-sound manner. Counterparty credit risk is derived from multiple exposure types, including derivatives, securities trading, securities financing transactions, financial futures, cash balances (e.g., due from depository institutions, restricted accounts, and cash equivalents), and investment in debt securities. For more information on derivative counterparty credit risk, refer to Note 20 to the Condensed Consolidated Financial Statements.

During the three months and six months ended June 30, 2015, the U.S. economy continued to expand. The labor market recovered further during the period, with nonfarm payrolls increasing and the annual unemployment rate falling to 5.3% as of June 30, 2015. Within the U.S. automotive market, new light vehicle sales continued to increase, resulting in a 17.1 million annual pace for the three months ended June 30, 2015. We closely monitor macro-economic trends given the nature of our business and the potential economic impacts on our credit risk. We continue to be cautious with the economic outlook given continued weak global economic growth and expected higher interest rates as the Federal Reserve is expected to normalize monetary policy later this year.

On-balance Sheet Portfolio

Our on-balance sheet portfolio includes both finance receivables and loans and loans held-for-sale. At June 30, 2015, this primarily included $95.2 billion of automotive finance receivables and loans and $9.3 billion of mortgage finance receivables and loans. Within our on-balance sheet portfolio, we have elected to account for certain mortgage loans at fair value. Changes in the fair value of loans are classified as gain on mortgage and automotive loans, net, in the Condensed Consolidated Statement of Comprehensive Income. Our ongoing Mortgage operations are limited to the management of our held-for-investment and held-for-sale mortgage loan portfolios. During the six months ended June 30, 2015, we continued to execute bulk purchases of high-quality jumbo mortgage loans originated by third parties. We expect to continue this activity in support of our treasury ALM activities and diversification.

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The following table presents our total on-balance sheet consumer and commercial finance receivables and loans reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Consumer						
Finance receivables and loans						
Loans at historical cost	$69,997	$64,043	$543	$563	$—	$—
Loans at fair value	1	1	—	—	—	—
Total finance receivables and loans	69,998	64,044	543	563	—	—
Loans held-for-sale	1,402	1,967	9	8	—	—
Total consumer loans (c)	71,400	66,011	552	571	—	—
Commercial						
Finance receivables and loans						
Loans at historical cost	35,175	35,904	99	82	—	—
Loans held for sale	36	36	—	—	—	—
Total commercial loans	35,211	35,940	99	82	—	—
Total on-balance sheet loans	$106,611	$101,951	$651	$653	$—	$—

(a) Includes nonaccrual TDR loans of $256 million and $281 million at June 30, 2015, and December 31, 2014, respectively.

(b) Generally, loans that are 90 days past due and still accruing represent loans with government guarantees. There were no TDR loans classified as 90 days past due and still accruing at June 30, 2015 and December 31, 2014.

(c) Includes outstanding loans from our Commercial Services Group (CSG) of $5.8 billion and $5.2 billion at June 30, 2015, and December 31, 2014, respectively, and recreational vehicle loans of $1.3 billion and $1.2 billion at June 30, 2015, and December 31, 2014, respectively.

Total on-balance sheet loans outstanding at June 30, 2015, increased $4.7 billion to $106.6 billion from December 31, 2014, reflecting an increase of $5.4 billion in the consumer portfolio, partially offset by a decrease of $729 million in the commercial portfolio. The increase in consumer on-balance sheet loans was primarily driven by automotive originations, which outpaced portfolio runoff and partially offset by a whole-loan sale during the first quarter of 2015. In addition, we executed bulk purchases of high-quality jumbo mortgage loans originated by third parties totaling $2.65 billion during the six months ended June 30, 2015, which outpaced portfolio runoff. The decrease in commercial on-balance sheet loans outstanding was primarily driven by seasonality of dealer inventories.

Total TDRs outstanding at June 30, 2015, decreased $523 million from December 31, 2014, primarily due to a sale of consumer mortgage TDR loans from the held-for-sale portfolio during the first quarter of 2015. Refer to Note 7 to the Condensed Consolidated Financial Statements for additional information.

Total nonperforming loans at June 30, 2015, decreased $2 million to $651 million from December 31, 2014, reflecting a decrease of $19 million of consumer nonperforming loans and an increase of $17 million of commercial nonperforming loans. The decrease in total nonperforming loans from December 31, 2014 was primarily due to fewer accounts deteriorating into nonperforming status within the consumer mortgage portfolio due to continued improvement in the macroeconomic environment, mostly offset by the increase in commercial nonperforming loans.

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 included in our 2014 Annual Report on Form 10-K for additional information.

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The following table includes consumer and commercial net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended June 30,				Six months ended June 30,			
	Net charge-offs (recoveries)		Net charge-off ratios (a)		Net charge-offs (recoveries)		Net charge-off ratios (a)	
($ in millions)	2015	2014	2015	2014	2015	2014	2015	2014
Consumer								
Finance receivables and loans at historical cost	$100	$91	0.6 %	0.6 %	$251	$224	0.8 %	0.7 %
Commercial								
Finance receivables and loans at historical cost	—	(6)	—	(0.1)	(1)	(6)	—	—
Total finance receivables and loans at historical cost	$100	$85	0.4 %	0.3 %	$250	$218	0.5 %	0.4 %

(a) Net charge-off ratios are calculated as net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the period for each loan category.

Net charge-offs were $100 million and $250 million for the three months and six months ended June 30, 2015, compared to $85 million and $218 million for the three months and six months ended June 30, 2014. The increase during the three months and six months ended June 30, 2015, was driven primarily by the change in our portfolio composition as we continued the execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum and the seasoning of accounts now entering their prime loss periods, as well as portfolio growth. Loans held-for-sale are accounted for at the lower-of-cost or fair value and, therefore, we do not record charge-offs.

The Consumer Credit Portfolio and Commercial Credit Portfolio discussions that follow relate to consumer and commercial finance receivables and loans recorded at historical cost. Finance receivables and loans recorded at historical cost have an associated allowance for loan losses. Finance receivables and loans measured at fair value were excluded from these discussions since those exposures are not accounted for within our allowance for loan losses.

Consumer Credit Portfolio

During the three months and six months ended June 30, 2015, the credit performance of the consumer portfolio remained strong and reflects the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum, including used, nonprime, extended term, Non-GM/Chrysler, and non-subvented finance receivables and loans. For information on our consumer credit risk practices and policies regarding delinquencies, nonperforming status, and charge-offs, refer to Note 1 to the Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K.

The following table includes consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Consumer automotive (c) (d)	$60,786	$56,570	$386	$386	$—	$—
Consumer mortgage	9,211	7,473	157	177	—	—
Total consumer finance receivables and loans	$69,997	$64,043	$543	$563	$—	$—

(a) Includes nonaccrual TDR loans of $225 million and $216 million at June 30, 2015, and December 31, 2014, respectively.

(b) There were no TDR loans classified as 90 days past due and still accruing at both June 30, 2015, and December 31, 2014.

(c) Includes $69 million and $35 million of fair value adjustment for loans in hedge accounting relationships at June 30, 2015, and December 31, 2014, respectively. Refer to Note 20 to the Condensed Consolidated Financial Statements for additional information.

(d) Includes outstanding CSG loans of $5.5 billion and $5.0 billion at June 30, 2015, and December 31, 2014, respectively, and RV loans of $1.3 billion and $1.2 billion at June 30, 2015, and December 31, 2014, respectively.

Total consumer outstanding finance receivables and loans increased $6.0 billion at June 30, 2015 compared with December 31, 2014. The increase in consumer automotive finance receivables and loans was primarily related to our loan originations, which outpaced portfolio runoff and was partially offset by $1.2 billion of loans originated to the held-for-sale portfolio during the first quarter of 2015. The increase in consumer mortgage finance receivables and loans was primarily due to growth in the portfolio due to the execution of bulk loan purchases, which outpaced portfolio runoff.

Total consumer nonperforming finance receivables and loans at June 30, 2015 decreased $20 million to $543 million from December 31, 2014. The decrease in nonperforming consumer mortgage finance receivables and loans was primarily due to fewer accounts deteriorating into nonperforming status due to continued improvement in the macroeconomic environment. Refer to Note 7 to the Condensed Consolidated

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Financial Statements for additional information. Nonperforming consumer finance receivables and loans as a percentage of total outstanding consumer finance receivables and loans were 0.8% and 0.9% at June 30, 2015 and December 31, 2014, respectively.

Consumer automotive loans accruing and past due 30 days or more decreased $154 million to $1.4 billion at June 30, 2015, compared with December 31, 2014, primarily due to seasonality.

The following table includes consumer net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended June 30,				Six months ended June 30,			
	Net charge-offs		Net charge-off ratios (a)		Net charge-offs		Net charge-off ratios (a)	
($ in millions)	2015	2014	2015	2014	2015	2014	2015	2014
Consumer automotive	$96	$83	0.6 %	0.6 %	$228	$204	0.8 %	0.7 %
Consumer mortgage	4	8	0.2	0.4	23	20	0.6	0.5
Total consumer finance receivables and loans	$100	$91	0.6 %	0.6 %	$251	$224	0.8 %	0.7 %

(a) Net charge-off ratios are calculated as net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the period for each loan category.

Our net charge-offs from total consumer finance receivables and loans were $100 million and $251 million for the three months and six months ended June 30, 2015, compared to $91 million and $224 million for the three months and six months ended June 30, 2014. The increase during the three months and six months ended June 30, 2015, was driven primarily by the change in our portfolio composition as we continued the execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum and the seasoning of accounts now entering their prime loss periods, as well as portfolio growth.

The following table summarizes the unpaid principal balance of total consumer loan originations for the periods shown. Total consumer loan originations include loans classified as finance receivables and loans and loans held-for-sale during the period.

	Three months ended June 30,		Six months ended June 30,	
($ in millions)	2015	2014	2015	2014
Consumer automotive (a)	$9,843	$7,735	$18,044	$14,256
Total consumer loan originations	$9,843	$7,735	$18,044	$14,256

(a) Includes $1.2 billion of loans originated as held-for-sale during the first quarter of 2015.

Total automotive-originated loans increased $2.1 billion and $3.8 billion for the three months and six months ended June 30, 2015, compared to the same periods in 2014. The increase during the three months and six months ended June 30, 2015, was distributed across the consumer automotive portfolio with primarily strong growth in Non-GM/Chrysler new and used originations.

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The following table shows the percentage of total consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses by state concentration. Total automotive loans were $60.8 billion and $56.6 billion at June 30, 2015, and December 31, 2014, respectively. Total mortgage and home equity loans were $9.2 billion and $7.5 billion at June 30, 2015 and December 31, 2014, respectively.

	June 30, 2015 (a)		December 31, 2014	
	Automotive	Mortgage	Automotive	Mortgage
Texas	13.7 %	5.9 %	13.6 %	6.0 %
California	6.8	33.0	6.2	30.8
Florida	7.5	3.9	7.3	3.7
Pennsylvania	5.1	1.5	5.3	1.6
Illinois	4.4	4.6	4.4	4.2
Georgia	4.3	2.1	4.2	2.1
New York	3.7	2.0	4.0	1.9
Ohio	3.8	0.6	3.9	0.6
North Carolina	3.6	1.8	3.5	1.9
Michigan	3.4	2.6	3.8	3.1
Other United States	43.7	42.0	43.8	44.1
Total consumer loans	100.0 %	100.0 %	100.0 %	100.0 %

(a) Presentation is in descending order as a percentage of total consumer finance receivables and loans at June 30, 2015.

We monitor our consumer loan portfolio for concentration risk across the geographies in which we lend. The highest concentrations of loans in the United States are in Texas and California, which represented an aggregate of 22.9% and 21.8% of our total outstanding consumer finance receivables and loans at June 30, 2015, and December 31, 2014, respectively.

Concentrations in our mortgage portfolio are closely monitored given the volatility of the housing market, with special attention given to states with greater declines in real estate values.

Repossessed and Foreclosed Assets

We classify an asset as repossessed or foreclosed (included in other assets on the Condensed Consolidated Balance Sheet) when physical possession of the collateral is taken. We dispose of the acquired collateral in a timely fashion in accordance with regulatory requirements. For more information on repossessed and foreclosed assets, refer to Note 1 to the Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K.

Repossessed assets in our Automotive Finance operations at June 30, 2015 decreased $7 million to $83 million from December 31, 2014. Foreclosed mortgage assets at June 30, 2015, increased $1 million to $11 million from December 31, 2014.

Commercial Credit Portfolio

During the three months and six months ended June 30, 2015, the credit performance of the commercial portfolio remained strong, as nonperforming finance receivables and loans remained low and no net charge-offs were realized. For information on our commercial credit risk practices and policies regarding delinquencies, nonperforming status, and charge-offs, refer to Note 1 to the Consolidated Financial Statements included in our 2014 Annual Report on Form 10-K.

The following table includes total commercial finance receivables and loans reported at carrying value before allowance for loan losses.

	Outstanding		Nonperforming (a)		Accruing past due 90 days or more (b)	
($ in millions)	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014

Commercial and industrial						
Automotive	$29,732	$30,871	$46	$32	$—	$—
Other (c)	2,149	1,882	46	46	—	—
Commercial real estate — Automotive	3,294	3,151	7	4	—	—
Total commercial finance receivables and loans	$35,175	$35,904	$99	$82	$—	$—

(a) Includes nonaccrual TDR loans of $25 million and $59 million at June 30, 2015, and December 31, 2014, respectively.

(b) There were no TDR loans classified as 90 days past due and still accruing at June 30, 2015 and December 31, 2014.

(c) Other commercial primarily includes senior secured commercial lending.

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Total commercial finance receivables and loans outstanding decreased $729 million from December 31, 2014, to $35.2 billion at June 30, 2015. The commercial and industrial finance receivables and loans outstanding decreased $872 million primarily due to seasonality of dealer inventories. This decrease was partially offset by the increase within Other, representing the Corporate Finance portfolio, as the growth in this portfolio continues in line with our business strategy.

Total commercial nonperforming finance receivables and loans were $99 million at June 30, 2015, reflecting an increase of $17 million when compared to December 31, 2014. However, nonperforming commercial finance receivables and loans as a percentage of outstanding commercial finance receivables and loans remained relatively stable at 0.3% at June 30, 2015 compared to 0.2% at December 31, 2014.

The following table includes total commercial net charge-offs from finance receivables and loans at historical cost and related ratios reported at carrying value before allowance for loan losses.

	Three months ended June 30,				Six months ended June 30,			
	Net charge-offs (recoveries)		Net charge-off ratios (a)		Net charge-offs (recoveries)		Net charge-off ratios (a)	
($ in millions)	2015	2014	2015	2014	2015	2014	2015	2014
Commercial and industrial								
Automotive	$1	$1	—%	—%	$—	$1	—%	—%
Other	(1)	(7)	(0.1)	(1.5)	(1)	(7)	(0.1)	(0.8)
Total commercial finance receivables and loans	$—	$(6)	—%	(0.1)%	$(1)	$(6)	—%	—%

(a) Net charge-off ratios are calculated as net charge-offs divided by average outstanding finance receivables and loans excluding loans measured at fair value and loans held-for-sale during the period for each loan category.

Commercial Real Estate

The commercial real estate portfolio consists of finance receivables and loans issued primarily to automotive dealers. Commercial real estate finance receivables and loans were $3.3 billion and $3.2 billion at June 30, 2015, and December 31, 2014, respectively.

The following table presents the percentage of total commercial real estate finance receivables and loans by state concentration. These finance receivables and loans are reported at carrying value before allowance for loan losses.

	June 30, 2015	December 31, 2014
Texas	14.9%	13.8%
Florida	11.4	12.3
Michigan	10.0	9.9
California	8.4	9.0
North Carolina	3.9	3.9
Virginia	3.9	4.1
Georgia	3.8	3.7
New York	3.7	3.9
Pennsylvania	3.6	3.8
Illinois	2.7	2.7
Other United States	33.7	32.9
Total commercial real estate finance receivables and loans	100.0%	100.0%

Commercial Criticized Exposure

Finance receivables and loans classified as special mention, substandard, or doubtful are deemed criticized. These classifications are based on regulatory definitions and generally represent finance receivables and loans within our portfolio that have a higher default risk or have already defaulted. These finance receivables and loans require

additional monitoring and review including specific actions to mitigate our potential loss.

The following table presents the percentage of total commercial criticized finance receivables and loans by industry concentrations. These finance receivables and loans within our Automotive and Corporate Finance portfolios are reported at carrying value before allowance for loan losses.

	June 30, 2015	December 31, 2014
Industry		
Automotive	81.8 %	87.3 %
Services	4.9	2.0
Health/Medical	3.3	3.5
Other	10.0	7.2
Total commercial criticized finance receivables and loans	100.0 %	100.0 %

Total criticized exposures increased $80 million from December 31, 2014 to $2.3 billion at June 30, 2015. The increase was primarily related to the overall growth of the Corporate Finance portfolio.

Allowance for Loan Losses

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

Three months ended June 30, 2015 ($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at April 1, 2015	$711	$119	$830	$103	$933
Charge-offs	(166)	(9)	(175)	—	(175)
Recoveries	70	5	75	—	75
Net charge-offs	(96)	(4)	(100)	—	(100)
Provision for loan losses	152	3	155	(15)	140
Other	—	1	1	—	1
Allowance at June 30, 2015	$767	$119	$886	$88	$974
Allowance for loan losses to finance receivables and loans outstanding at June 30, 2015 (a)	1.3 %	1.3 %	1.3 %	0.3 %	0.9 %
Net charge-offs to average finance receivables and loans outstanding at June 30, 2015 (a)	0.6 %	0.2 %	0.6 %	— %	0.4 %
Allowance for loan losses to total nonperforming finance receivables and loans at June 30, 2015 (a)	198.5 %	75.8 %	163.1 %	89.0 %	151.6 %
Ratio of allowance for loan losses to annualized net charge-offs at June 30, 2015	2.0	7.5	2.2	—	2.4

(a) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

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Three months ended June 30, 2014 ($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at April 1, 2014	$715	$333	$1,048	$144	$1,192
Charge-offs	(143)	(10)	(153)	(4)	(157)
Recoveries	60	2	62	10	72
Net charge-offs	(83)	(8)	(91)	6	(85)
Provision for loan losses	97	(25)	72	(9)	63
Other	—	2	2	(1)	1
Allowance at June 30, 2014	$729	$302	$1,031	$140	$1,171
Allowance for loan losses to finance receivables and loans outstanding at June 30, 2014 (a)	1.3%	3.9%	1.6%	0.4%	1.2%
Net charge-offs to average finance receivables and loans outstanding at June 30, 2014 (a)	0.6%	0.4%	0.6%	(0.1)%	0.3%
Allowance for loan losses to total nonperforming finance receivables and loans at June 30, 2014 (a)	223.0%	162.7%	201.1%	142.9%	191.8%
Ratio of allowance for loan losses to annualized net charge-offs at June 30, 2014	2.2	9.6	2.8	(5.8)	3.4

(a) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

Six months ended June 30, 2015 ($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at January 1, 2015	$685	$152	$837	$140	$977
Charge-offs	(359)	(31)	(390)	—	(390)
Recoveries	131	8	139	1	140
Net charge-offs	(228)	(23)	(251)	1	(250)
Provision for loan losses	310	(2)	308	(52)	256
Other (a)	—	(8)	(8)	(1)	(9)
Allowance at June 30, 2015	$767	$119	$886	$88	$974
Allowance for loan losses to finance receivables and loans outstanding at June 30, 2015 (b)	1.3%	1.3%	1.3%	0.3%	0.9%
Net charge-offs to average finance receivables and loans outstanding at June 30, 2015 (b)	0.8%	0.6%	0.8%	—%	0.5%
Allowance for loan losses to total nonperforming finance receivables and loans at June 30, 2015 (b)	198.5%	75.8%	163.1%	89.0%	151.6%
Ratio of allowance for loan losses to annualized net charge-offs at June 30, 2015	1.7	2.6	1.8	n/m	2.0

n/m = not meaningful

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

(b) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

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Six months ended June 30, 2014 ($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at January 1, 2014	$673	$389	$1,062	$146	$1,208
Charge-offs	(323)	(25)	(348)	(5)	(353)
Recoveries	119	5	124	11	135
Net charge-offs	(204)	(20)	(224)	6	(218)
Provision for loan losses	260	(48)	212	(12)	200
Other (a)	—	(19)	(19)	—	(19)
Allowance at June 30, 2014	$729	$302	$1,031	$140	$1,171
Allowance for loan losses to finance receivables and loans outstanding at June 30, 2014 (b)	1.3%	3.9%	1.6%	0.4%	1.2%
Net charge-offs to average finance receivables and loans outstanding at June 30, 2014 (b)	0.7%	0.5%	0.7%	—%	0.4%
Allowance for loan losses to total nonperforming finance receivables and loans at June 30, 2014 (b)	223.0%	162.7%	201.1%	142.9%	191.8%
Ratio of allowance for loan losses to annualized net charge-offs at June 30, 2014	1.8	7.6	2.3	(11.4)	2.7

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

(b) Coverage percentages are based on the allowance for loan losses related to finance receivables and loans excluding those loans held at fair value as a percentage of the unpaid principal balance, net of premiums and discounts.

The allowance for consumer loan losses at June 30, 2015, declined $145 million compared to June 30, 2014. The decrease was primarily due to the transfer of consumer mortgage assets to held-for-sale as of the year ended December 31, 2014, combined with the continued runoff of higher risk mortgage assets within our Mortgage operations, offset by growth in the consumer automotive portfolio.

The allowance for commercial loan losses declined $52 million at June 30, 2015, compared to June 30, 2014, primarily due to continued strong performance in the portfolio.

Allowance for Loan Losses by Type

The following table summarizes the allocation of the allowance for loan losses by product type.

	2015			2014		
June 30, ($ in millions)	Allowance for loan losses	Allowance as a % of loans outstanding	Allowance as a % of allowance for loan losses	Allowance for loan losses	Allowance as a % of loans outstanding	Allowance as a % of allowance for loan losses
Consumer						
Consumer automotive	$767	1.3%	78.7%	$729	1.3%	62.3%
Consumer mortgage	119	1.3	12.2	302	3.9	25.8
Total consumer loans	886	1.3	90.9	1,031	1.6	88.1
Commercial						
Commercial and industrial						
Automotive	26	0.1	2.7	62	0.2	5.3
Other	40	1.9	4.1	47	2.6	4.0
	22	0.7	2.3	31	1.0	2.6

Commercial real estate — Automotive									
Total commercial loans	88	0.3	9.1		140	0.4	11.9		
Total allowance for loan losses	$974	0.9	%	100.0	%	$1,171	1.2	%	100.0	%

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Provision for Loan Losses

The following table summarizes the provision for loan losses by product type.

($ in millions)	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Consumer				
Consumer automotive	$152	$97	$310	$260
Consumer mortgage	3	(25)	(2)	(48)
Total consumer loans	155	72	308	212
Commercial				
Commercial and industrial				
Automotive	(18)	1	(40)	(3)
Other	5	(11)	(1)	(10)
Commercial real estate — Automotive	(2)	1	(11)	1
Total commercial loans	(15)	(9)	(52)	(12)
Total provision for loan losses	$140	$63	$256	$200

The provision for consumer loan losses increased $83 million and $96 million for the three months and six months ended June 30, 2015, compared to the same periods in 2014. The increase was primarily due to growth in the consumer automotive portfolio combined with lower reserve releases on mortgage assets.

The provision for commercial loan losses was a net credit of $15 million and $52 million for the three months and six months ended June 30, 2015, compared to a net credit of $9 million and $12 million for the same periods in 2014. This decrease was largely driven by a reduction in the loan loss reserve due to continued strong performance in the portfolio.

Lease Residual Risk Management

We are exposed to residual risk on vehicles in the consumer lease portfolio. This lease residual risk represents the possibility that the actual proceeds realized upon the sale of returned vehicles will be lower than the projection of these values used in establishing the pricing at lease inception. For information on our valuation of automotive lease residuals including periodic revisions through adjustments to depreciation expense based on current and forecasted market conditions, refer to Critical Accounting Estimates — Valuation of Automotive Lease Assets and Residuals within the MD&A included in our 2014 Annual Report on Form 10-K.

Lease Vehicle Terminations and Remarketing

The following table summarizes the volume of Ally lease terminations and average gain per vehicle in the United States over recent periods, as well as our methods of vehicle sales at lease termination, stated as a percentage of total lease vehicle disposals. The actual gain per vehicle on lease terminations varies based upon the type of vehicle.

	Three months ended June 30, 2015	2014	Six months ended June 30, 2015	2014
Off-lease vehicles terminated (in units)	64,123	85,143	129,183	146,144
Average gain per vehicle ($ per unit)	$1,686	$1,978	$1,374	$1,900
Method of vehicle sales				
Auction (internet and physical)	57 %	61 %	60 %	60 %
Sale to dealer, lessee, and other	43 %	39 %	40 %	40 %

The number of off-lease vehicles remarketed during the three months and six months ended June 30, 2015 decreased 25% and 12%, respectively, compared to the same periods in 2014. The decreases were primarily due to an increase during the three months ended June 30, 2014 in the expiration of lease contracts associated with successful GM lease incentive programs offered during 2012. While we expect lease termination volumes to continue to remain near

current levels throughout 2015, actual termination volumes may vary in the future from forecasted volumes due to programs designed to encourage lessees to terminate their leases early in conjunction with the acquisition of a new vehicle, referred to as lease pull-ahead programs. GM's recent decision to provide lease subvention programs for their products exclusively through its wholly-owned subsidiary, GMF, is not expected to affect lease termination volumes throughout 2015.

Average gain per vehicle decreased during the three months and six months ended June 30, 2015, primarily due to lower lifetime depreciation recognized on terminated lease vehicles as a result of higher anticipated proceeds based on recent market conditions. For more

information on our investment in operating leases, refer to Note 8 to the Condensed Consolidated Financial Statements, and Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K.

Lease Portfolio Mix

We monitor the concentration of our outstanding operating leases. The following table presents the mix of leased vehicles by type, based on volume of units.

	June 30, 2015		December 31, 2014	
Car	40	%	42	%
Truck	13		11	
Sport utility vehicle	47		47	

Market Risk

Our automotive financing, mortgage, and insurance activities give rise to market risk representing the potential loss in the fair value of assets or liabilities and earnings caused by movements in market variables, such as interest rates, foreign-exchange rates, equity prices, market perceptions of credit risk, and other market fluctuations that affect the value of securities, assets held-for-sale, and operating leases. We are exposed to interest rate risk arising from changes in interest rates related to financing, investing, and cash management activities. More specifically, we have entered into contracts to provide financing and to retain various assets related to securitization activities all of which are exposed in varying degrees to changes in value due to movements in interest rates. Interest rate risk arises from the mismatch between assets and the related liabilities used for funding. We enter into various financial instruments, including derivatives, to maintain the desired level of exposure to the risk of interest rate and other fluctuations. Refer to Note 20 to the Condensed Consolidated Financial Statements for further information.

We are also exposed to some foreign-currency risk arising from foreign-currency denominated assets and liabilities, primarily in Canada. We enter into hedges to mitigate foreign exchange risk.

We also have exposure to equity price risk, primarily in our Insurance operations, which invests in equity securities that are subject to price risk influenced by capital market movements. We enter into equity options to economically hedge our exposure to the equity markets. Additionally, we have exposure to equity price risk related to certain share-based compensation. We enter into prepaid equity forward contracts to economically hedge a portion of this exposure.

Although the diversity of our activities from our complementary lines of business may partially mitigate market risk, we also actively manage this risk. We maintain risk management control systems to monitor interest rates, foreign-currency exchange rates, equity price risks, and any of their related hedge positions. Positions are monitored using a variety of analytical techniques including market value, sensitivity analysis, and value at risk models.

Net Financing Revenue Sensitivity Analysis

Interest rate risk represents our most significant exposure to market risk. We actively monitor the level of exposure so that movements in interest rates do not adversely affect future earnings. We use net financing revenue sensitivity analysis as our primary metric to measure and manage the interest rate sensitivities of our financial instruments.

We prepare forward-looking forecasts of net financing revenue, which take into consideration anticipated future business growth, asset/liability positioning, and interest rates based on the implied forward curve. Simulations are used to assess changes in net financing revenue in multiple interest rates scenarios relative to the baseline forecast. The changes in net financing revenue relative to the baseline are defined as the sensitivity. Our simulation incorporates contractual cash flows and repricing characteristics for all assets, liabilities and off-balance sheet exposures and incorporates the effects of changing interest rates on the prepayment and attrition rates of certain assets and liabilities. The analysis is highly dependent upon a variety of assumptions including the repricing characteristics of deposits with non-contractual maturities. Our simulation does not assume any specific future actions are taken to mitigate the impacts of changing interest rates. Relative to our baseline forecast, which is based on the implied forward curve, our net financing revenue over the next twelve months would increase by $39 million if interest rates

remain unchanged.

The net financing revenue sensitivity tests measure the potential change in our pretax net financing revenue over the following twelve months. A number of alternative rate scenarios are tested, including immediate and gradual parallel shocks to both current spot rates and the market forward curve. We also evaluate nonparallel shocks to interest rates and stresses to certain term points on the yield curve in isolation to capture and monitor a number of risk types.

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Our twelve-month pretax net financing revenue sensitivity based on the market forward-curve was as follows.

	June 30, 2015		December 31, 2014	
Change in Interest Rates ($ in millions)	Instantaneous	Gradual (a)	Instantaneous	Gradual (a)
-100 basis points	$27	$43	$78	n/a
+100 basis points	(110)	(32)	(130)	n/a
+200 basis points	(266)	(78)	(215)	n/a

(a) Gradual changes in interest rates are recognized over 12 months.

We remain moderately liability sensitive as our simulation models assume liabilities will initially re-price faster than assets. A material portion of our interest rate exposure has historically been driven by Prime rate index floors on certain commercial loans that limit interest income increases until the index rises above the level of the floor. Due to market demand for our London Interbank Offered Rate (LIBOR)-based product and to reduce our exposure to rising interest rates, we have migrated a substantial portion of our dealer floorplan accounts from Prime to LIBOR indices. As of June 30, 2015, approximately 80% of our floorplan assets will re-price directly with changes in short-term interest rates. The migration of dealer floorplan accounts to LIBOR-based indices is the primary driver of the reduced negative impact of the +100 basis point scenario since December 31, 2014. The positive impact of downward rate shocks remains somewhat muted by the current low interest rate environment, which limits absolute declines in short-term rates in a shock scenario.

The future repricing behavior of retail deposit liabilities, particularly non-maturity deposits, remains a significant driver of interest rate sensitivity. The sustained low interest rate environment increases the uncertainty of assumptions for deposit repricing relationships to market interest rates. Our interest rate risk models use dynamic assumptions driven by a number of factors, including the overall level of interest rates and the spread between short-term and long-term interest rates to project changes in our retail deposit offered rates. Ally’s interest rate risk metrics currently assume a long-term retail deposit beta of greater than 80%. We believe our deposits may ultimately be less sensitive to interest rate changes, which will reduce our overall exposure to rising rates. Assuming a long-term retail deposit beta of 50% (vs. current assumption of greater than 80%) would result in a consolidated interest rate risk position that is neutral to asset sensitive.

Our pro-forma rate sensitivity assuming a 50% deposit pass-through based on the market forward-curve as of June 30, 2015, was as follows.

	June 30, 2015	
Change in Interest Rates ($ in millions)	Instantaneous	Gradual (a)
-100 basis points	$(121)	$(4)
+100 basis points	1	8
+200 basis points	(23)	12

(a) Gradual changes in interest rates are recognized over 12 months.

Our liability sensitive risk position is also driven by receive-fixed interest rate swaps designated as fair value hedges of certain fixed-rate liabilities including legacy unsecured debt. These swaps continue to generate positive financing revenue in the current interest rate environment, but also add to our liability sensitive position. The size, maturity and mix of our hedging activities change frequently as we adjust our broader asset and liability management objectives.

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Liquidity Management, Funding, and Regulatory Capital

Overview

The purpose of liquidity management is to ensure our ability to meet loan and lease demand, debt maturities, deposit withdrawals, and other cash commitments under both normal operating conditions as well as periods of economic or financial stress. Our primary objective is to maintain cost-effective, stable and diverse sources of funding capable of sustaining the organization throughout all market cycles. Sources of funding include both retail and brokered deposits and secured and unsecured market-based funding across various maturity, interest rate, and investor profiles. Additional liquidity is available through a pool of unencumbered highly liquid securities, borrowing facilities, repurchase agreements, as well as funding programs supported by the Federal Reserve and the Federal Home Loan Bank of Pittsburgh (FHLB).

We define liquidity risk as the risk that an institution's financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet its financial obligations, and to withstand unforeseen liquidity stress events. Liquidity risk can arise from a variety of institution specific or market-related events that could have a negative impact on cash flows available to the organization. Effective management of liquidity risk helps ensure an organization's preparedness to meet cash flow obligations caused by unanticipated events. Managing liquidity needs and contingent funding exposures has proven essential to the solvency of financial institutions.

The Asset-Liability Committee (ALCO) is chaired by the Corporate Treasurer and is responsible for overseeing our liquidity, funding strategies and plans, contingency funding plans, and counterparty credit exposure arising from financial transactions. Corporate Treasury is responsible for managing our liquidity positions within prudent operating guidelines and targets approved by ALCO and the Risk and Compliance Committee of the Ally Financial Board of Directors. Liquidity risk is managed for the parent company, Ally Bank, and the consolidated organization. The parent company and Ally Bank prepare periodic forecasts depicting anticipated funding needs and sources of funds with oversight and monitoring by the Liquidity Risk group within Corporate Treasury. Corporate Treasury executes our funding strategies and manages liquidity under baseline economic projections as well as more severely stressed macroeconomic environments.

Multiple measures are used to frame the level of liquidity risk, manage the liquidity position, or identify related trends. These measures include coverage ratios that measure the sufficiency of the liquidity portfolio and stability ratios that measure longer-term structural liquidity. In addition, we have established internal management routines designed to review all aspects of liquidity and funding plans, evaluate the adequacy of liquidity buffers, review stress testing results, and assist senior management in the execution of its funding strategy and risk management accountabilities.

We maintain available liquidity in the form of cash, unencumbered highly liquid securities, and available credit facility capacity that, taken together, allows us to operate and to meet our contractual and contingent obligations in the event of market-wide disruptions and enterprise-specific events. The available liquidity is held at various entities and considers regulatory restrictions and tax implications that may limit our ability to transfer funds across entities. At June 30, 2015, we maintained $5.1 billion of total available parent company liquidity and $9.9 billion of total available liquidity at Ally Bank. Parent company liquidity is defined as our consolidated operations less Ally Bank and the regulated subsidiaries of Ally Insurance's holding company. To optimize cash between entities, the parent company lends cash to Ally Bank on occasion under an intercompany loan agreement. At June 30, 2015, there was no debt outstanding under the intercompany loan agreement.

Funding Strategy

Liquidity and ongoing profitability are largely dependent on the timely and cost-effective access to retail deposits and funding in different segments of the capital markets. Our funding strategy largely focuses on the development of diversified funding sources across a broad investor base to meet liquidity needs throughout different market cycles, including periods of financial distress. These funding sources include wholesale and retail unsecured debt, public and private asset-backed securitizations, whole-loan sales, committed credit facilities, brokered deposits, and retail deposits. We also supplement these funding sources with a modest amount of short-term borrowings, including

Demand Notes, and repurchase arrangements. The diversity of our funding sources enhances funding flexibility, limits dependence on any one source, and results in a more cost-effective funding strategy over the long term. We evaluate funding markets on an ongoing basis to achieve an appropriate balance of unsecured and secured funding sources and maturity profiles. In addition, we further distinguish our funding strategy between Ally Bank funding and parent company (nonbank) funding.

We diversify Ally Bank's overall funding in order to reduce reliance on any one source of funding and to achieve a well-balanced funding portfolio across a spectrum of risk, duration, and cost of funds characteristics. We optimize our funding sources at Ally Bank by growing retail deposits, maintaining active public and private securitization programs, managing a prudent maturity profile of our brokered deposit portfolio, utilizing repurchase agreements, and continuing to access funds from the FHLB.

Since 2009, a significant portion of asset originations in the United States have been directed to Ally Bank in order to reduce parent company exposures and funding requirements, and to utilize our growing consumer deposit-taking capabilities. This has allowed us to use bank funding for a wider array of our automotive finance assets and to provide a sustainable long-term funding channel for the business, while also improving the cost of funds for the enterprise.

Ally Bank

Ally Bank gathers retail deposits directly from customers through direct banking via the internet, telephone, mobile, and mail channels. These retail deposits provide our Automotive Finance, Mortgage, and Corporate Finance operations with a stable and low-cost funding source. At June 30, 2015, Ally Bank had $61.7 billion of total external deposits, including $51.8 billion of retail deposits.

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At June 30, 2015, Ally Bank maintained cash liquidity of $2.8 billion and unencumbered highly liquid U.S. federal government and U.S. agency securities of $6.9 billion. In addition, at June 30, 2015, Ally Bank had unused capacity in committed secured funding facilities of $235 million. Our ability to access unused capacity depends on having eligible assets to collateralize the incremental funding and, in some instances, the execution of interest rate hedges. To optimize cash between entities, the parent company lends cash to Ally Bank on occasion under an intercompany loan agreement. Amounts outstanding on this loan are repayable to the parent company upon demand, subject to a five day notice period. Ally Bank had total available liquidity of $9.9 billion at June 30, 2015, while there was no debt outstanding on the intercompany loan.

Optimizing bank funding continues to be a key part of our long-term liquidity strategy. We have made significant progress in migrating asset originations to Ally Bank and growing our retail deposit base since becoming a BHC in December 2008. Retail deposit growth is a key driver of optimizing funding costs and reducing reliance on capital markets based funding. We believe deposits provide a stable, low-cost source of funds that are less sensitive to interest rate changes, market volatility, or changes in credit ratings when compared to other funding sources. We have continued to expand our deposit gathering efforts through both direct and indirect marketing channels. Current retail deposit offerings consist of a variety of products including certificates of deposit (CDs), savings accounts, money market accounts, IRA deposit products, as well as an interest checking product. In addition, we utilize brokered deposits, which are obtained through third-party intermediaries. In the first six months of 2015 the deposit base at Ally Bank grew $3.8 billion, ending the quarter at $61.7 billion from $57.9 billion at December 31, 2014. The growth in deposits has been primarily attributable to our retail deposit portfolio, particularly within our savings and money market accounts. Strong retention rates continue to materially contribute to our growth in retail deposits. Refer to Note 12 to the Condensed Consolidated Financial Statements for a summary of deposit funding by type.

The following table shows Ally Bank's number of accounts and deposit balances by type as of the end of each quarter since 2014.

($ in millions)	2nd Quarter 2015	1st Quarter 2015	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014
Number of retail accounts	1,874,632	1,818,770	1,731,105	1,698,585	1,641,327	1,589,441
Deposits						
Retail	$51,750	$50,633	$47,954	$46,718	$45,934	$45,193
Brokered	9,861	9,853	9,885	9,692	9,684	9,683
Other (a)	89	79	64	73	75	70
Total deposits	$61,700	$60,565	$57,903	$56,483	$55,693	$54,946

(a) Other deposits include mortgage escrow and other deposits (excluding intercompany deposits).

In addition to building a larger deposit base, we continue to remain active in the securitization markets to finance our Ally Bank automotive loan portfolios. During the second quarter of 2015, Ally Bank completed one term securitization transaction backed by dealer floorplan notes that raised $675 million.

Securitization has proven to be a reliable and cost-effective funding source. Additionally, for retail automotive loans and lease notes, the term structure of the transaction locks in funding for a specified pool of loans and leases for the life of the underlying asset, creating an effective tool for managing interest rate and liquidity risk. We manage secured funding execution risk by maintaining a diverse investor base and available committed credit facility capacity. Ally Bank has exclusive access to a syndicated credit facility comprised of eighteen lenders that can fund automotive retail and dealer floorplan loans, as well as leases. During March 2015, this facility was renewed and increased to $4.5 billion with the maturity extended to March 2017. In June 2015, $1.25 billion of commitment was transferred from Ally Bank to AFI (parent company), which reduced the Ally Bank capacity to $3.25 billion. At June 30, 2015, the amount outstanding under this facility was $3.0 billion. Our ability to access the unused capacity in the secured facility depends on the availability of eligible assets to collateralize the incremental funding and, in some instances, on the execution of interest rate hedges.

Ally Bank also has access to funding through advances with the FHLB. These advances are primarily secured by consumer and commercial mortgage finance receivables and loans. As of June 30, 2015, Ally Bank had pledged $12.4 billion of assets and investment securities to the FHLB resulting in $8.2 billion in total funding capacity with $7.9 billion of debt outstanding.

In addition, Ally Bank has access to repurchase agreements. A repurchase agreement is a transaction in which the firm sells financial instruments to a buyer, typically in exchange for cash, and simultaneously enters into an agreement to repurchase the same or substantially the same financial instruments from the buyer at a stated price plus accrued interest at a future date. The financial instruments sold in repurchase agreements typically include U.S. government and federal agency, and investment-grade sovereign obligations. As of June 30, 2015, Ally Bank had no debt outstanding under repurchase agreements.

Additionally, Ally Bank has access to the Federal Reserve Bank Discount Window and can borrow funds to meet short-term liquidity demands. However, the Federal Reserve Bank is not a primary source of funding for day to day business. Instead, it is a liquidity source that can be accessed in stressed environments or periods of market disruption. Ally Bank has assets pledged and restricted as collateral to the Federal Reserve Bank totaling $3.1 billion. Ally Bank had no debt outstanding with the Federal Reserve as of June 30, 2015.

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Parent Company (Nonbank) Funding

At June 30, 2015, the parent company maintained liquid cash and equivalents in the amount of $2.6 billion as well as unencumbered highly liquid U.S. federal government and U.S. agency securities of $1.4 billion that can be used to obtain funding through repurchase agreements with third parties or outright sales. At June 30, 2015, the parent company had $2.0 billion debt outstanding under repurchase agreements. In addition, at June 30, 2015, the parent company had available liquidity from unused capacity in committed credit facilities of $1.1 billion. Parent company liquidity is defined as our consolidated operations less Ally Bank and the regulated subsidiaries of Ally Insurance's holding company. The parent company's ability to access unused capacity in secured facilities depends on the availability of eligible assets to collateralize the incremental funding and, in some instances, on the execution of interest rate hedges. Funding sources at the parent company generally consist of long-term unsecured debt, unsecured retail term notes, committed credit facilities, asset-backed securitizations, and a modest amount of short-term borrowings. To optimize cash and secured facility capacity between entities, the parent company may lend cash to Ally Bank on occasion under an intercompany loan agreement. Amounts outstanding on this loan are repayable to the parent company upon demand, subject to a five day notice period. The parent company had total available liquidity of $5.1 billion at June 30, 2015, while there was no debt outstanding on the intercompany loan.

In the second quarter of 2015, we completed a dual tranche transaction through the unsecured debt capital markets totaling $1.4 billion. In addition, Ally Financial Inc. completed a tender offer to buy back $875 million of its high-coupon debt. We recorded a loss of $148 million on extinguishment of debt in the second quarter related to this transaction. We expect to continue accessing the unsecured debt capital markets as well as reducing our high-cost debt on an opportunistic basis.

In addition, we have short-term and long-term unsecured debt outstanding from retail term note programs. These programs generally consist of callable fixed-rate instruments with fixed-maturity dates. There were $387 million and $335 million of retail term notes outstanding at June 30, 2015, and December 31, 2014, respectively.

We also obtain unsecured funding from the sale of floating-rate demand notes under our Demand Notes program. The holder has the option to require us to redeem these notes at any time without restriction. Demand Notes outstanding were $3.4 billion at June 30, 2015, compared to $3.3 billion at December 31, 2014. Refer to Note 13 and Note 14 to the Condensed Consolidated Financial Statements for additional information about our outstanding short-term borrowings and long-term unsecured debt, respectively.

Secured funding continues to be a significant source of financing at the parent company. 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 June 30, 2015, $18.4 billion of our $19.1 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of June 30, 2015, we had $14.6 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days. The parent company's largest facility is a $9.25 billion revolving syndicated credit facility secured by automotive receivables. In March 2015, this facility was renewed by a syndicate of eighteen lenders for $8 billion and extended until March 2017. In June 2015, $1.25 billion of commitment was transferred from Ally Bank to AFI (parent company), which increased the parent company capacity to $9.25 billion. In the event this facility is not renewed at maturity, the outstanding debt will be repaid over time as the underlying collateral amortizes. At June 30, 2015, there was $9.25 billion outstanding under this facility.

In addition to our syndicated revolving credit facility, we also maintain various bilateral and multilateral secured credit facilities that fund our Automotive Finance operations. These are primarily private securitization facilities that fund a specific pool of automotive assets.

During the second quarter of 2015, the parent company raised $1.4 billion through a public securitization transaction comprised of nonprime retail automotive loan collateral and the sale of retained secured notes.

At June 30, 2015, the parent company maintained exclusive access to $19.1 billion of committed secured credit facilities with outstanding debt of $18.1 billion.

Recent Funding Developments

During the first six months of 2015, we accessed the public and private markets to execute secured funding transactions, a whole-loan sale, unsecured funding transactions, and funding facility renewals totaling $22.1 billion. Key funding highlights from January 1, 2015 to date were as follows:

- Ally Financial Inc. renewed, increased, and/or extended $12.5 billion in U.S. credit facilities. The automotive credit facility renewal amount includes the March 2015 refinancing of $12.5 billion in credit facilities at both the parent company and Ally Bank with a syndicate of eighteen lenders. The $12.5 billion capacity is secured by retail, lease, and dealer floorplan automotive assets and is allocated to two separate facilities; one is a $9.25 billion facility which is available to the parent company, while the other is a $3.25 billion facility available to Ally Bank. Both facilities mature in March 2017.

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- Ally Financial Inc. continued to access the public and private term asset-backed securitization markets completing seven U.S. transactions that raised $4.7 billion, with $2.1 billion and $2.6 billion raised by Ally Bank and the parent company, respectively. In addition, Ally Bank raised $1.0 billion related to a whole-loan sale comprised of retail automotive loans.
- Ally Financial Inc. accessed the unsecured debt capital markets in the first half of 2015 and raised $3.9 billion, including $1.4 billion in the second quarter of 2015.
- In July 2015, Ally Bank raised $1.0 billion related to an off-balance sheet securitization backed by retail automotive loans.

Funding Sources

The following table summarizes debt and other sources of funding and the amount outstanding under each category for the periods shown.

($ in millions)	Bank	Parent	Total	%
June 30, 2015				
Secured financings	$25,693	$27,146	$52,839	38
Institutional term debt	—	18,856	18,856	14
Retail debt programs (a)	—	3,846	3,846	3
Total debt (b)	25,693	49,848	75,541	55
Deposits (c)	61,700	247	61,947	45
Total on-balance sheet funding	$87,393	$50,095	$137,488	100
December 31, 2014				
Secured financings	$27,135	$20,732	$47,867	36
Institutional term debt	—	21,628	21,628	17
Retail debt programs (a)	—	3,673	3,673	3
Total debt (b)	27,135	46,033	73,168	56
Deposits (c)	57,903	319	58,222	44
Total on-balance sheet funding	$85,038	$46,352	$131,390	100

(a) Includes $387 million and $335 million of Retail Term Notes at June 30, 2015 and December 31, 2014, respectively.

(b) Excludes fair value adjustment as described in Note 22 to the Condensed Consolidated Financial Statements.

(c) Bank deposits include retail, brokered, and other deposits. Parent deposits include dealer deposits. Intercompany deposits are not included.

Refer to Note 14 to the Condensed Consolidated Financial Statements for a summary of the scheduled maturity of long-term debt at June 30, 2015.

Committed Funding Facilities

	Outstanding		Unused capacity (a)		Total capacity	
($ in millions)	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Bank funding						
Secured	$3,015	$ 3,250	$235	$ 250	$3,250	$ 3,500
Parent funding						
Secured	18,062	15,030	1,060	3,425	19,122	18,455
Total committed facilities	$21,077	$ 18,280	$1,295	$ 3,675	$22,372	$ 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.

Cash Flows

Net cash provided by operating activities was $1.7 billion for the six months ended June 30, 2015, compared to $1.5 billion for the same period in 2014. The increase is primarily due to an increase of cash inflows from other assets and higher levels of operating income, as well as lower cash outflows from other liabilities and interest payable. This is partially offset by a decrease in new originations and purchases of loans held-for-sale exceeding cash inflows from sales and repayments of such loans.

Net cash used by investing activities was $5.2 billion for the six months ended June 30, 2015, compared to $90 million cash provided by investing activities for the same period in 2014. The decrease is primarily due to a $4.0 billion decrease in net cash provided by sales, maturities and repayment of available-for-sale securities, net of purchases. Also contributing to the decrease was a $3.2 billion decrease in net cash provided by finance receivables and loans and a $1.6 billion decrease resulting from changes in restricted cash balances. This was

partially offset by an increase in net cash provided by net cash inflows from operating lease activity of $2.6 billion and $1.0 billion in proceeds from the sale of a business unit.

Net cash provided by financing activities for the six months ended June 30, 2015, was $3.7 billion, compared to $1.4 billion cash used in financing activities for the same period in 2014. The increase is primarily due to a net increase in short-term borrowings of $2.9 billion for the six months ended June 30, 2015 compared to repayments of $2.2 billion for the six months ended June 30, 2014. Also contributing to the increase was an increase in deposits of $1.0 billion. This was partially offset by an increase in dividends paid of $1.2 billion and the repurchase and redemption of preferred stock of $442 million in 2015.

Capital Planning and Stress Tests

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic company-run 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. In addition, as an insured state nonmember bank with $50 billion or more in total consolidated assets, Ally Bank is required to conduct annual company-run stress tests.

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 5.0% 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 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 Federal Deposit Insurance Corporation. On March 6, 2015, Ally 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 repurchased $325 million in Series A preferred securities in May 2015.

The remaining capital actions associated with the previously submitted capital plan are intended to occur during the remainder of 2015 and 2016 including the use of capital to repurchase additional high-cost unsecured debt as part of our ALM initiatives. Subject to a variety of factors, including a non-objection from our regulators, Ally may redeem additional preferred securities in 2015.

On July 6, 2015, Ally submitted to the FRB the results of our company-run mid-year stress test conducted under multiple macroeconomic scenarios. We disclosed the results of this stress test under the most severe scenario on July 15, 2015 in accordance with regulatory requirements.

Regulatory Capital

Refer to Note 19 to the Condensed Consolidated Financial Statements and Selected Financial Data within this MD&A.

Credit Ratings

The cost and availability of unsecured financing are influenced by credit ratings, which are intended to be an indicator of the creditworthiness of a particular company, security, or obligation. Lower ratings result in higher borrowing costs and reduced access to capital markets. This is particularly true for certain institutional investors whose investment guidelines require investment-grade ratings on term debt and the two highest rating categories for short-term debt (particularly money market investors).

Nationally recognized statistical rating organizations rate substantially all our debt. The following table summarizes our current ratings and outlook by the respective nationally recognized rating agencies.

Rating agency	Short-term	Senior unsecured debt	Outlook	Date of last action
Fitch	B	BB+	Stable	April 8, 2015 (a)
Moody’s	Not Prime	B1	Positive	July 14, 2014 (b)
S&P	B	BB+	Stable	December 12, 2014 (c)
DBRS	R-4	BB (High)	Positive	May 18, 2015 (d)

(a) Fitch affirmed our senior unsecured debt rating of BB+, affirmed our short term rating of B and maintained a Stable outlook on April 8, 2015.

(b) Moody's affirmed our corporate family rating of Ba3, senior unsecured debt rating of B1, and short-term rating of Not Prime and changed the outlook to Positive on July 14, 2014. Effective December 1, 2014, we determined to not renew our contractual arrangement with Moody's related to their providing of our corporate family, senior debt, and short-term ratings. Notwithstanding this, Moody's has determined to continue to provide these ratings on a discretionary basis. However, Moody's has no obligation to continue to provide these ratings, and could cease doing so at any time.

(c) Standard & Poor's upgraded our senior unsecured debt rating to BB+ from BB and affirmed our short term rating of B on December 12, 2014.

(d) DBRS upgraded our senior unsecured debt rating to BB (High) from BB, confirmed our short term rating of R-4, and maintained a Positive trend on all ratings on May 18, 2015.

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Insurance Financial Strength Ratings

Substantially all of our Insurance operations have a Financial Strength Rating (FSR) and an Issuer Credit Rating (ICR) from the A.M. Best Company. The FSR is intended to be an indicator of the ability of the insurance company to meet its senior most obligations to policyholders. Lower ratings generally result in fewer opportunities to write business as insureds, particularly large commercial insureds, and insurance companies purchasing reinsurance have guidelines requiring high FSR ratings. On May 22, 2015, A.M. Best affirmed the FSR of
B++ (good) and affirmed the ICR of bbb+.

Off-balance Sheet Arrangements

Refer to Note 9 to the Condensed Consolidated Financial Statements.

Critical Accounting Estimates

We identified critical accounting estimates that, as a result of judgments, uncertainties, uniqueness, and complexities of the underlying accounting standards and operations involved could result in material changes to our financial condition, results of operations, or cash flows under different conditions or using different assumptions.

Our most critical accounting estimates are as follows.

- Allowance for loan losses
- Valuation of automotive lease assets and residuals
- Fair value of financial instruments
- Legal and regulatory reserves
- Determination of provision for income taxes

There have been no significant changes in the methodologies and processes used in developing these estimates from what was described in our 2014 Annual Report on Form 10-K.

Refer to Note 1 to the Condensed Consolidated Financial Statements for further discussion regarding the methodology used in calculating the provision for income taxes for interim financial reporting.

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Statistical Table
The accompanying supplemental information should be read in conjunction with the more detailed information, including our Condensed Consolidated Financial Statements and the notes thereto, which appears elsewhere in this Quarterly Report.
Net Interest Margin Table
The following tables present an analysis of net yield on interest-earning assets (or net interest margin) excluding discontinued operations for the periods shown.

	2015			2014			Increase (decrease) due to (a)		
Three months ended June 30, ($ in millions)	Average balance (b)	Interest income/ Interest expense	Yield/ rate	Average balance (b)	Interest income/ Interest expense	Yield/ rate	Volume	Yield/rate	Total
Assets									
Interest-bearing cash and cash equivalents	$4,013	$ 2	0.20 %	$3,863	$ 1	0.10 %	$—	$ 1	$1
Federal funds sold and securities purchased under resale agreements	1	—	—	—	—	—	—	—	—
Investment securities (c)	17,078	86	2.02	15,578	86	2.21	8	(8)	—
Loans held-for-sale, net	1,493	14	3.76	26	1	15.43	15	(2)	13
Finance receivables and loans, net (d) (e)	101,962	1,118	4.40	100,159	1,124	4.50	20	(26)	(6)
Investment in operating leases, net (f)	18,520	297	6.43	18,544	375	8.11	—	(78)	(78)
Total interest-earning assets	143,067	1,517	4.25	138,170	1,587	4.61	43	(113)	(70)
Noninterest-bearing cash and cash equivalents	1,337			1,550					
Other assets (g)	9,670			11,306					
Allowance for loan losses	(953)			(1,201)					
Total assets	$153,121			$149,825					
Liabilities									
Interest-bearing deposit liabilities	$61,242	$ 177	1.16 %	$55,556	$ 166	1.20 %	16	(5)	11
Short-term borrowings	6,057	12	0.79	6,149	13	0.85	—	(1)	(1)
Long-term debt (e) (h) (i)	66,551	419	2.53	67,727	549	3.25	(9)	(121)	(130)
Total interest-bearing liabilities (e) (h) (j)	133,850	608	1.82	129,432	728	2.26	7	(127)	(120)
Noninterest-bearing deposit liabilities	81			70					
Total funding sources (h) (k)	133,931	608	1.82	129,502	728	2.25			
Other liabilities (l)	4,538			5,661					
Total liabilities	138,469			135,163					
Total equity	14,652			14,662					
Total liabilities and equity	$153,121			$149,825					
Net financing revenue		$ 909			$ 859		$36	$ 14	$50

Net interest spread (m)	2.43 %	2.35 %
Net interest spread excluding original issue discount (m)	2.48 %	2.52 %
Net interest spread excluding original issue discount and including noninterest-bearing deposit liabilities (m)	2.48 %	2.52 %
Net yield on interest-earning assets (n)	2.55 %	2.49 %
Net yield on interest-earning assets excluding original issue discount (n)	2.58 %	2.63 %

(a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute dollar amount of change in volume and yield/rate.

(b) Average balances are calculated using a combination of monthly and daily average methodologies.

(c) Excludes equity investments with an average balance of $1,037 million and $889 million at June 30, 2015 and 2014, respectively, and related income on equity investments of $7 million during the three months ended June 30, 2015 and 2014, respectively. Yields on available-for-sale debt securities are based on fair value as opposed to historical cost.

(d) Nonperforming finance receivables and loans are included in the average balances. For information on our accounting policies regarding nonperforming status, refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K.

(e) Includes the effects of derivative financial instruments designated as hedges.

(f) Includes remarketing gains of $108 million and $168 million during the three months ended June 30, 2015 and 2014, respectively. Excluding these gains on sale, the annualized yield would be 4.09% and 4.48% at June 30, 2015 and 2014, respectively.

(g) Includes average balances of assets of discontinued operations.

(h) Average balance includes $1,334 million and $1,463 million related to original issue discount (OID) at June 30, 2015 and 2014, respectively. Interest expense includes OID amortization of $11 million and $46 million during the three months ended June 30, 2015 and 2014, respectively.

(i) Excluding OID, the rate on long-term debt was 2.41% and 2.92% at June 30, 2015 and 2014, respectively.

(j) Excluding OID, the rate on total interest-bearing liabilities was 1.77% and 2.09% at June 30, 2015 and 2014, respectively.

(k) Excluding OID, the rate on total funding sources was 1.77% and 2.09% at June 30, 2015 and 2014, respectively.

(l) Includes average balances of liabilities of discontinued operations.

(m) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities.

(n) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

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	2015			2014			Increase (decrease) due to (a)		
Six months ended June 30, ($ in millions)	Average balance (b)	Interest income/ Interest expense	Yield/ rate	Average balance (b)	Interest income/ Interest expense	Yield/ rate	Volume	Yield/rate	Total
Assets									
Interest-bearing cash and cash equivalents	$4,206	$4	0.19 %	$4,579	$4	0.18 %	$—	$ —	$—
Federal funds sold and securities purchased under resale agreements	4	—	—	—	—	—	—	—	—
Investment securities (c)	16,494	169	2.07	15,645	176	2.27	10	(17)	(7)
Loans held-for-sale, net	1,719	38	4.46	18	1	11.20	39	(2)	37
Finance receivables and loans, net (d) (e)	100,412	2,192	4.40	99,606	2,231	4.52	18	(57)	(39)
Investment in operating leases, net (f)	18,960	571	6.07	18,272	703	7.76	26	(158)	(132)
Total interest-earning assets	141,795	2,974	4.23	138,120	3,115	4.55	93	(234)	(141)
Noninterest-bearing cash and cash equivalents	1,580			1,495					
Other assets (g)	9,731			11,596					
Allowance for loan losses	(961)			(1,203)					
Total assets	$152,145			$150,008					
Liabilities									
Interest-bearing deposit liabilities	$60,321	$349	1.17 %	$54,883	$329	1.21 %	31	(11)	20
Short-term borrowings	6,168	23	0.75	6,395	28	0.88	(1)	(4)	(5)
Long-term debt (e) (h) (i)	65,863	848	2.60	68,375	1,083	3.19	(38)	(197)	(235)
Total interest-bearing liabilities (e) (h) (j)	132,352	1,220	1.86	129,653	1,440	2.24	(8)	(212)	(220)
Noninterest-bearing deposit liabilities	77			67					
Total funding sources (h) (k)	132,429	1,220	1.86	129,720	1,440	2.24			
Other liabilities (l)	4,548			5,791					
Total liabilities	136,977			135,511					
Total equity	15,168			14,497					
Total liabilities and equity	$152,145			$150,008					
Net financing revenue		$1,754			$1,675		$101	$ (22)	$79
Net interest spread (m)			2.37 %			2.31 %			
Net interest spread excluding original issue discount (m)			2.42 %			2.47 %			
Net interest spread excluding original issue discount and including noninterest-bearing deposit liabilities (m)			2.42 %			2.48 %			
			2.49 %			2.45 %			

Net yield on interest-earning assets (n)		
Net yield on interest-earning assets excluding original issue discount (n)	2.52 %	2.58 %

(a) Changes in interest not solely due to volume or yield/rate are allocated in proportion to the absolute dollar amount of change in volume and yield/rate.

(b) Average balances are calculated using a combination of monthly and daily average methodologies.

(c) Excludes equity investments with an average balance of $943 million and $907 million at June 30, 2015 and 2014, respectively, and related income on equity investments of $12 million during the six months ended June 30, 2015 and 2014, respectively. Yields on available-for-sale debt securities are based on fair value as opposed to historical cost.

(d) Nonperforming finance receivables and loans are included in the average balances. For information on our accounting policies regarding nonperforming status, refer to Note 1 to the Consolidated Financial Statements in our 2014 Annual Report on Form 10-K.

(e) Includes the effects of derivative financial instruments designated as hedges.

(f) Includes remarketing gains of $178 million and $277 million during the six months ended June 30, 2015 and 2014, respectively. Excluding these gains on sale, the annualized yield would be 4.18% and 4.70% at June 30, 2015 and 2014, respectively.

(g) Includes average balances of assets of discontinued operations.

(h) Average balance includes $1,339 million and $1,486 million related to original issue discount (OID) at June 30, 2015 and 2014, respectively. Interest expense includes OID amortization of $21 million and $90 million during the six months ended June 30, 2015 and 2014, respectively.

(i) Excluding OID, the rate on long-term debt was 2.48% and 2.87% at June 30, 2015 and 2014, respectively.

(j) Excluding OID, the rate on total interest-bearing liabilities was 1.81% and 2.08% at June 30, 2015 and 2014, respectively.

(k) Excluding OID, the rate on total funding sources was 1.81% and 2.07% at June 30, 2015 and 2014, respectively.

(l) Includes average balances of liabilities of discontinued operations.

(m) Net interest spread represents the difference between the rate on total interest-earning assets and the rate on total interest-bearing liabilities.

(n) Net yield on interest-earning assets represents net financing revenue as a percentage of total interest-earning assets.

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Recently Issued Accounting Standards
Refer to Note 1 to the Condensed Consolidated Financial Statements.
Forward-looking Statements
The foregoing Management’s Discussion and Analysis of Financial Condition and Results of Operations and other portions of this Form 10-Q contain various forward-looking statements within the meaning of applicable federal securities laws, including the Private Securities Litigation Reform Act of 1995, that are based upon our current expectations and assumptions concerning future events that are subject to a number of risks and uncertainties that could cause actual results to differ materially from those anticipated.
The words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “objective,” “plan,” “goal,” “project,” “outlook,” “priorit “intend,” “evaluate,” “pursue,” “seek,” “may,” “would,” “could,” “should,” “believe,” “potential,” “continue,” or the negatives words or similar expressions are intended to identify forward-looking statements. All statements herein, other than statements of historical fact, including without limitation statements about future events and financial performance, are forward-looking statements that involve certain risks and uncertainties.
While these statements represent our current judgment on what the future may hold, and we believe these judgments are reasonable, these statements are not guarantees of any events or financial results, and Ally's actual results may differ materially due to numerous important factors that are described in the most recent reports on SEC Forms 10-K and 10-Q for Ally, each of which may be revised or supplemented in subsequent reports filed with the SEC. Such factors include, among others, the following: maintaining the mutually beneficial relationship between Ally and General Motors, and Ally and Chrysler, and our ability to further diversify our business; the significant regulation and restrictions that we are subject to as a bank holding company and financial holding company; the potential for deterioration in the residual value of off-lease vehicles; disruptions in the market in which we fund our operations, with resulting negative impact on our liquidity; changes in our accounting assumptions that may require or that result from changes in the accounting rules or their application, which could result in an impact on earnings; changes in our credit ratings; changes in economic conditions, currency exchange rates or political stability in the markets in which we operate; and changes in the existing or the adoption of new laws, regulations, policies or other activities of governments, agencies and similar organizations (including as a result of the Dodd-Frank Act and Basel III).
Use of the term “loans” describes products associated with direct and indirect lending activities of Ally’s global operations. The specific products include retail installment sales contracts, loans, lines of credit, leases or other financing products. The term “originate” refers to Ally’s purchase, acquisition, or direct origination of various “loan” products.

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Refer to the Market Risk Management section of Item 2, Management's Discussion and Analysis.

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Item 4. Controls and Procedures

We maintain disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the Exchange Act), designed to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized, and reported within the specified time periods. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed in the reports we file and submit under the Exchange Act is accumulated and communicated to management, including our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer), to allow timely decisions regarding required disclosure.

As of the end of the period covered by this report, our Principal Executive Officer and Principal Financial Officer evaluated, with the participation of our management, the effectiveness of our disclosure controls and procedures and concluded that our disclosure controls and procedures were effective.

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) of the Exchange Act) that occurred during our most recent fiscal quarter that materially affected, or were reasonably likely to materially affect, our internal control over financial reporting.

Our management, including our Principal Executive Officer and Principal Financial Officer, does not expect that our disclosure controls or our internal controls will prevent or detect all errors and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the control system's objectives will be met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within Ally have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls can also be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Over time, controls may become inadequate because of changes in conditions or deterioration in the degree of compliance with associated policies or procedures. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

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PART II — OTHER INFORMATION
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Item 1. Legal Proceedings

Refer to Note 26 to the Condensed Consolidated Financial Statements (incorporated herein by reference) for a discussion related to our legal proceedings, which supplements the discussion of legal proceedings set forth in Note 30 to our 2014 Annual Report on Form 10-K.

Item 1A. Risk Factors

There have been no material changes to the Risk Factors described in our 2014 Annual Report on Form 10-K and subsequent quarterly report on Form 10-Q for the three months ended March 31, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Repurchases Under Share-Based Incentive Plans

The following table presents repurchases of our common stock, by month, for the three months ended June 30, 2015. All repurchases reflected below include only shares of common stock that were withheld to cover income taxes owed by participants in our share-based incentive plans.

Three months ended June 30, 2015	Total number of shares repurchased	Weighted-average price paid per share
April 2015	511	$20.61
May 2015	568	20.17
June 2015	6,572	22.73
Total	7,651	$22.40

Repurchases of Equity Securities Under Repurchase Programs

The following table presents repurchases of our Series A preferred stock, by month, for the three months ended June 30, 2015. On April 23, 2015, we announced a tender offer to purchase up to 13,000,000 shares of our outstanding Series A preferred stock for $26.65 per Series A share. This offer expired on May 20, 2015.

Three months ended June 30, 2015	Total number of shares repurchased	Weighted-average price paid per share	Total number of shares repurchased as part of publicly announced plans or programs	Number of shares that may yet be repurchased under the plan or programs
April 2015	—	$—	—	13,000,000
May 2015	13,000,000	26.65	13,000,000	—
June 2015	—	—	—	—
Total	13,000,000	$26.65	13,000,000	—

Item 3. Defaults upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

The exhibits listed on the accompanying Index of Exhibits are filed as a part of this report. This Index is incorporated herein by reference.

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Signatures
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Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 30th day of July, 2015.

Ally Financial Inc.
(Registrant)

/S/ CHRISTOPHER A. HALMY
Christopher A. Halmy
Chief Financial Officer

/S/ DAVID J. DEBRUNNER
David J. DeBrunner
Vice President, Chief Accounting Officer, and
Corporate Controller

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INDEX OF EXHIBITS

Exhibit	Description	Method of Filing
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350	Filed herewith.
101	Interactive Data File	Filed herewith.
105		