Ally Financial Inc.
Form 10-K
February 27, 2015
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014 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)
Securities registered pursuant to Section 12(b) of the Act (all listed on the New York Stock Exchange):
Title of each class

Common Stock, par value $0.01 per share	Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A
7.375% Notes due December 16, 2044	8.125% Fixed Rate/Floating Rate Trust Preferred Securities, Series 2 of GMAC Capital Trust I

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes þ No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No þ
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, 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 such shorter period that the registrant was required to submit and post such files). Yes þ No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulations S-K (§ 229.405 of this chapter) is not contained herein and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. þ

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

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

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

The aggregate market value of the Registrant's common stock (Common Stock) held on June 30, 2014 by non-affiliated entities was approximately $10.5 billion (based on the June 30, 2014 closing price of Common Stock of $23.91 per share as reported on the New York Stock Exchange).

At February 26, 2015, the number of shares outstanding of the Registrant's common stock was 481,501,265 shares.

Documents incorporated by reference: portions of the Registrant's Proxy Statement for the annual meeting of stockholders to be held on May 28, 2015 are incorporated by reference in this Form 10-K in response to Items 10, 11, 12, 13, and 14 of Part III.

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Item 1. Business

General

Ally Financial Inc. (formerly GMAC Inc.) is a leading, independent, diversified financial services firm with $151.8 billion in assets. Founded in 1919, we are a leading financial services company with approximately 95 years of experience providing a broad array of financial products and services, primarily to automotive dealers and their 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, with total assets of $104.5 billion and deposits of $57.9 billion at December 31, 2014. The terms “Ally,” “the Company,” “we,” “our,” and “us” refer to Ally Financial Inc. an its subsidiaries as a consolidated entity, except where it is clear that the terms mean only Ally Financial Inc.

Our Business

Dealer Financial Services, which includes our Automotive Finance and Insurance operations, and Mortgage are our primary lines of business. Our Dealer Financial Services business is centered on our strong and longstanding relationships with automotive dealers and serves the financial needs of almost 17,000 dealers in the United States, including over 10,000 dealers outside of the General Motors Company (GM) and Fiat Chrysler Automobiles US LLC (Chrysler) channels (Non-GM/Chrysler), and approximately 4.4 million of their retail customers with a wide range of financial services and insurance products. We believe our dealer-focused business model makes us the preferred automotive finance company for thousands of our automotive dealer customers. We have developed particularly strong relationships with thousands of dealers resulting from our longstanding relationship with GM as well as relationships with other manufacturers, including Chrysler, providing us with an extensive understanding of the operating needs of these dealers relative to other automotive finance companies. In addition, we have established relationships with thousands of Non-GM/Chrysler dealers through our customer-centric approach and specialized incentive programs.

Ally Bank, our direct banking platform, is focused on on the continued prudent expansion of assets and further building a stable deposit base through growing and deepening relationships with its over 900,000 primary customers driven by its compelling brand and strong value proposition. Ally Bank raises deposits directly from customers through direct banking via internet, telephone, mobile, and mail channels. Ally Bank offers a full spectrum of deposit product offerings including savings and money market accounts, certificates of deposit, interest-bearing checking accounts, trust accounts, and individual retirement accounts. We continue to expand the deposit product offerings and accessibility in our banking platform in order to meet customer needs. Ally Bank funded $29.8 billion of finance receivables, loans, and operating leases during 2014. Additionally, during 2014, the deposit base at Ally Bank grew $5.0 billion, an increase of over 9% from December 31, 2013. Ally Bank's assets and operating results are divided between our Automotive Finance operations, Mortgage operations, and Corporate Finance business based on its underlying business activities.

Our strategy is to extend our leading position in automotive finance in the United States by continuing to provide automotive dealers and their retail customers with premium service, a comprehensive product suite, consistent funding and competitive pricing, reflecting our commitment to the automotive industry. We are focused on expanding profitable dealer relationships, prudent earning asset growth, and acceptable risk-adjusted returns. Our growth strategy continues to focus on diversifying the franchise by expanding into different products as well as strengthening our network of dealer relationships. Over the past several years, we have increased our focus on the Non-GM/Chrysler channel, which has resulted in increased new standard rate, used, and leased vehicle financing volume. We also seek to broaden and deepen the Ally Bank franchise, prudently growing stable, quality deposits while extending our foundation of products and providing a high level of customer service.

Use of the word "loan" in this document is intended to refer to, as the context suggests, retail installment sales contracts that we have acquired or other financing products. The term "originate" generally refers to our acquisition of retail installment sales contracts, other financing products, or leases as the context suggests.

For further details and information related to our business segments and the products and services they provide, refer to Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) and Note 27 to the Consolidated Financial Statements.

Industry and Competition

The markets for automotive and mortgage financing, insurance, and banking are highly competitive. We directly compete in the automotive financing market with banks, credit unions, captive automotive finance, and independent finance companies. Our insurance business also faces significant competition from automotive manufacturers, captive automotive finance companies, insurance carriers, third-party administrators, brokers, and other insurance-related companies. Some of these competitors have certain exclusivity privileges with automotive manufacturing companies whose customers and dealers compose a significant portion of our customer base. In addition, Ally Bank faces significant competition from commercial banks, savings institutions, and other financial institutions. Many of our competitors have substantial positions nationally or in the markets in which they operate. Some of our competitors have lower cost structures, substantially lower costs of capital, and are much less reliant on securitization activities, unsecured debt, and other public markets. We face significant competition in most areas, including product offerings, rates, pricing and fees, and customer service.

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Certain Regulatory Matters

We are subject to various regulatory, financial, and other requirements of the jurisdictions in which our businesses operate. In light of recent conditions in the global financial markets, regulators have increased their focus on the regulation of the financial services industry. As a result, proposals for legislation or regulations that could increase the scope and nature of regulation of the financial services industry are expected. The following is a description of some of the laws and regulations that currently affect our business.

Bank Holding Company and Financial Holding Company Status

Ally and IB Finance Holding Company, LLC (IB Finance) are currently both BHCs under the BHC Act. IB Finance is the direct holding company for Ally's FDIC-insured depository institution, Ally Bank. As a BHC, Ally is subject to supervision, examination and regulation by the Board of Governors of the Federal Reserve System (FRB). Ally must also comply with regulatory risk-based and leverage capital requirements, as well as various safety and soundness standards imposed by the FRB, and is subject to certain statutory restrictions concerning the types of assets or securities it may own and the activities in which it may engage. Ally Bank, our banking subsidiary, is currently not a member of the Federal Reserve System and is subject to supervision, examination and regulation by the Federal Deposit Insurance Corporation (FDIC) and the Utah Department of Financial Institutions (Utah DFI). This regulatory oversight focuses on the protection of depositors, the FDIC's Deposit Insurance Fund, and the banking system as a whole, not security holders, and in some instances may be contrary to their interests.

Our election to become a FHC under the BHC Act was approved by the FRB and became effective on December 20, 2013. 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.

- Permitted Activities —The Gramm-Leach-Bliley Act of 1999 (GLB Act) amended the BHC Act by providing a new regulatory framework applicable to “financial holding companies,” which are bank holding companies that meet certain qualifications and elect FHC status. The FRB supervises, examines, and regulates FHCs, as it does all BHCs. However, insurance and securities activities conducted by a FHC or its nonbank subsidiaries are regulated primarily by functional regulators. As a FHC, Ally is permitted to engage in a broader range of financial and related activities than those that are permissible for BHCs, in particular, securities, insurance, and merchant banking activities. Ally's status as a FHC allows us to continue all existing insurance activities, as well as our SmartAuction vehicle remarketing services for third parties. Under the BHC Act, Ally generally may not, directly or indirectly, acquire more than 5% of any class of voting shares of any nonaffiliated bank or BHC without first obtaining FRB approval.
- Dodd-Frank Wall Street Reform and Consumer Protection Act — On July 21, 2010, the President of the United States signed into law the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). The Dodd-Frank Act represents a significant overhaul of many aspects of the regulation of the financial services industry, addressing, among other things, systemic risk, capital adequacy, deposit insurance assessments, consumer financial protection, derivatives, restrictions on an insured bank’s transactions with its affiliates, lending limits, and mortgage-lending practices. When fully implemented, the Dodd-Frank Act will have material implications for Ally and the entire financial services industry. Among other things, it will:
- result in Ally being subject to enhanced prudential standards, oversight, and scrutiny as a result of being a BHC with $50 billion or more in total consolidated assets (large BHC);
- increase the levels of capital and liquidity with which Ally must operate and affect how it plans capital and liquidity levels;
- subject Ally to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees paid by Ally Bank to the FDIC;
- potentially impact a number of Ally's business and risk management strategies;
- potentially restrict the revenue that Ally generates from certain businesses;
- require Ally to provide to the FRB and FDIC an annual plan for its rapid and orderly resolution in the event of material financial distress;
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- subject Ally to regulation by the Consumer Financial Protection Bureau (CFPB), which has very broad rule-making, examination, and enforcement authorities; and
- subject derivatives that Ally enters into for hedging, risk management and other purposes to a comprehensive new regulatory regime which, over time, will require central clearing and execution on designated markets or execution facilities for certain standardized derivatives and impose margin, documentation, trade reporting, and other new requirements.

A number of provisions in the Dodd-Frank Act have entered into effect while others will become effective at a later date or after a rulemaking process is completed. While U.S. regulators have finalized many regulations to implement various provisions of the Dodd-Frank Act, they plan to propose or finalize additional implementing regulations in the future.

Under the Dodd-Frank Act, financial holding companies such as Ally are subjected to a new orderly liquidation authority. The orderly liquidation authority became effective in July 2010, with implementing regulations adopted thereafter in stages, with some rulemakings still to come. Under the orderly liquidation authority, the FDIC would be appointed as receiver upon an insolvency of Ally, giving the FDIC considerable rights and powers that it must exercise with the goal of liquidating and winding up Ally, including the ability to assign assets and liabilities without the need for creditor consent or prior court review and the ability of the FDIC to differentiate and determine priority among creditors. In December 2013, the FDIC released its proposed Single Point of Entry strategy for resolution of a systemically important financial institution under the orderly liquidation authority. The FDIC's release outlines how it would use its powers under the orderly liquidation authority to resolve a systemically important financial institution by placing its top-tier U.S. holding company in receivership and keeping its operating subsidiaries open and out of insolvency proceedings by transferring the operating subsidiaries to a new bridge holding company, recapitalizing the operating subsidiaries, and imposing losses on the shareholders and creditors of the holding company in receivership according to their statutory order of priority.

In February 2014, the FRB issued a final rule to implement certain enhanced prudential standards under the Dodd-Frank Act for large bank holding companies such as Ally. The final rule generally became effective on January 1, 2015. Among other things, the final rule requires Ally to maintain a buffer of unencumbered highly liquid assets to meet projected net cash outflows for 30 days over the range of liquidity stress scenarios used in internal stress tests and to comply with a number of risk management and governance requirements, including liquidity risk management standards. The Federal Reserve has stated that it will issue, at a later date, final rules to implement certain other enhanced prudential standards under the Dodd-Frank Act for large bank holding companies, including single counterparty credit limits and an early remediation framework.

To complement the above-mentioned internal liquidity stress testing and liquidity buffer requirements, the FRB and other U.S. banking regulators issued a final rule in September 2014 to implement the Basel III liquidity coverage ratio (LCR) requirements for large bank holding companies. The LCR was developed by the Basel Committee on Banking Supervision (Basel Committee) to ensure banking organizations maintain an amount of high-quality liquid assets that is no less than 100 percent of their total net cash outflows arising from significant stress over a prospective 30 calendar-day period. The U.S. LCR rule is more stringent in certain respects compared to the Basel Committee's version of the LCR, and includes a generally narrower definition of debt and equity securities that qualify as high-quality liquid assets and a two-year phase-in period that began on January 1, 2015 and ends on January 1, 2017. A simpler, less stringent U.S. LCR requirement (Modified LCR) applies to depository institution holding companies with $50 billion or more in total consolidated assets that are not covered by the LCR. The Modified LCR requires depository institution holding companies to calculate their Modified LCR on a monthly basis beginning January 1, 2016, subject to a transition period (phased-in implementation with a minimum ratio of 90% in 2016 and 100% in 2017 and beyond). Because Ally's total assets are less than $250 billion but greater than $50 billion, and because it has immaterial foreign exposure, Ally is expected to be subject to the requirements of the Modified LCR.

The CFPB has issued various rules to implement consumer financial protection provisions of the Dodd-Frank Act and related requirements. Many of these rules impose new requirements on Ally and its business operations. In addition, as an insured depository institution with total assets of more than $10 billion, Ally Bank is subject to examination by the CFPB with respect to its compliance with federal consumer financial protection laws and regulations.

- Capital Adequacy Requirements — Ally and Ally Bank are subject to various guidelines as established under FRB and FDIC regulations. Refer to Note 21 to the Consolidated Financial Statements for additional information. See also "Basel Capital Frameworks" below.
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Capital Planning and Stress Tests — Pursuant to the Dodd-Frank Act, the FRB has adopted capital planning and stress test requirements for large bank holding companies, including Ally, which form part of the FRB's Comprehensive Capital Analysis and Review (CCAR) process. Under the FRB's capital plan rule, Ally must submit an annual capital plan to the FRB, taking into account the results of stress tests conducted by Ally based on scenarios prescribed by the FRB. The capital plan must include a description of all planned capital actions over a nine-quarter planning horizon, including any issuance of a debt or equity capital instrument, any capital distribution, and any similar action that the FRB determines could have an impact on Ally's consolidated capital. The capital plan must also include a discussion of how Ally will maintain capital above the U.S. Basel III minimum regulatory capital ratios that are phased in over the nine-quarter planning horizon, and above a Tier 1 common equity-to-total risk-weighted assets ratio of 5 percent, and serve as a source of strength to Ally Bank. The FRB will either object to Ally's capital plan, in whole or in part, or provide a notice of non-objection. If the FRB objects to the capital plan, or if certain material events occur after approval of the plan, Ally must submit a revised capital plan within 30 days. In addition, 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.

In March 2013, the FRB objected to Ally's 2013 capital plan on both quantitative and qualitative grounds. In September 2013, Ally submitted a revised capital plan, to which the FRB did not object in November 2013. Ally received no objection to its 2014

capital plan. In October 2014, the FRB issued instructions and scenarios for the 2015 CCAR process and stress tests. On January 5, 2015, Ally submitted its 2015 capital plan, with planned capital actions, to the FRB. Ally expects the FRB to either provide a notice of non-objection or object on March 11, 2015.
The FRB final stress test rule requires Ally to conduct semi-annual (annual and mid-cycle) company-run stress tests under baseline, adverse, and severely adverse economic scenarios over a planning horizon that spans nine quarters. The rule also subjects Ally to an annual supervisory stress test conducted by the FRB. On January 5, 2015, Ally submitted the results of its semi-annual stress test to the FRB. In addition, an FDIC final rule requires Ally Bank to conduct an annual company-run stress test under baseline, adverse, and severely adverse economic scenarios over a planning horizon that spans nine quarters. Ally Bank submitted the results of its annual company-run stress test to the FDIC on January 5, 2015. Ally Bank must also conduct a stress test under the severely adverse economic scenario, and summary results of this test must be publicly disclosed.
In addition, the FRB publishes summary results of the Dodd-Frank supervisory stress tests conducted by the FRB of each large BHC, including Ally. The Dodd-Frank stress tests are intended to provide supervisors with forward-looking information to help identify downside risk and the potential effect of adverse conditions on capital adequacy.

- Limitations on Bank and Bank Holding Company Dividends and Capital Distributions — Utah law (and, in certain instances, federal law) places restrictions and limitations on dividends or other distributions payable by our banking subsidiary, Ally Bank, to Ally. Under the FRB’s capital plan rule, an objection to a large BHC's capital plan generally prohibits it from paying dividends or making certain other capital distributions without specific FRB non-objection to such action. Even if a large BHC receives a non-objection to its capital plan, it may not pay a dividend or make certain other capital distributions without FRB approval under certain circumstances (e.g., after giving effect to the dividend or distribution, the BHC would not meet a minimum regulatory capital ratio or a Tier 1 common ratio of at least 5%). In addition, FRB supervisory guidance requires BHCs such as Ally to consult with the FRB prior to increasing dividends, implementing common stock repurchase programs or redeeming or repurchasing capital instruments. Such guidance provides for a supervisory capital assessment program that outlines FRB expectations concerning the processes that BHCs have in place to ensure they hold adequate capital under adverse conditions to maintain ready access to funding. The U.S. banking regulators are also authorized to prohibit a banking subsidiary or BHC from engaging in unsafe or unsound banking practices and, depending upon the circumstances, could find that paying a dividend or making a capital distribution would constitute an unsafe or unsound banking practice.
- Transactions with Affiliates — Certain transactions between Ally Bank and any of its nonbank “affiliates,” including but not limited to Ally, are subject to federal statutory and regulatory restrictions. Pursuant to these restrictions, unless otherwise exempted, “covered transactions” including Ally Bank's extensions of credit to and asset purchases from its nonbank affiliates, generally (1) are limited to 10% of Ally Bank's capital stock and surplus with respect to transactions with any individual affiliate, with an aggregate limit of 20% of Ally Bank's capital stock and surplus for all affiliates and all such transactions; (2) in the case of certain credit transactions, are subject to stringent collateralization requirements; (3) in the case of asset purchases by Ally Bank, may not involve the purchase of any asset deemed to be a “low quality asset” under federal banking guidelines; and (4) must be conducted in accordance with safe-and-sound banking practices (collectively, the Affiliate Transaction Restrictions). In addition, transactions between Ally Bank and a nonbank affiliate generally must be on market terms and conditions.

Furthermore, there is an “attribution rule” that provides that a transaction between Ally Bank and a third party must be treated as a transaction between Ally Bank and a nonbank affiliate to the extent that the proceeds of the transaction are used for the benefit of or transferred to a nonbank affiliate of Ally Bank. For example, because Ally controls Ally Bank, Ally is an affiliate of Ally Bank for purposes of the Affiliate Transaction Restrictions. Thus, retail financing transactions by Ally Bank involving vehicles for which Ally provided floorplan financing are subject to the Affiliate Transaction Restrictions because the proceeds of the retail financings are deemed to benefit, and are ultimately transferred to, Ally.
Under the Dodd-Frank Act, among other changes to the Affiliate Transaction Restrictions, credit exposures arising from derivatives transactions, securities lending and borrowing transactions, and acceptance of affiliate-issued debt

obligations (other than securities) as collateral for a loan or extension of credit will be treated as "covered transactions." The Dodd-Frank Act also expands the scope of covered transactions required to be collateralized, requires that collateral be maintained at all times for covered transactions required to be collateralized, and places limits on acceptable collateral.

Historically, the FRB was authorized to exempt, at its discretion, transactions or relationships from the requirements of these rules if it found such exemptions to be in the public interest and consistent with the purposes of the rules. As a result of the Dodd-Frank Act, exemptions now may be granted by the FDIC if the FDIC and FRB jointly find that the exemption is in the public interest and consistent with the purposes of the rules, and the FDIC finds that the exemption does not present an unacceptable risk to the Deposit Insurance Fund. The FRB granted several such exemptions to Ally Bank in the past. However, the existing exemptions are subject to various conditions and, particularly in light of the statutory changes made by the Dodd-Frank Act, any requests for future exemptions might not be granted. Moreover, these limited exemptions generally do not encompass consumer leasing or used vehicle financing. Since there is no assurance that Ally Bank will be able to obtain future exemptions or waivers with respect to these restrictions, the ability to grow Ally Bank's business will be affected by the Affiliate Transaction Restrictions and the conditions set forth in the existing exemption letters.

- Source of Strength — Pursuant to the Federal Deposit Insurance Act, as amended by the Dodd-Frank Act, FRB policy and regulations, and the Parent Company Agreement and the Capital and Liquidity Maintenance Agreement described in Note 21 to the Consolidated Financial Statements, Ally is required to act as a source of financial and managerial strength to Ally Bank and is required to commit necessary capital and liquidity to support Ally Bank. This support may be required at inopportune times for Ally.
- Enforcement Authority — The FDIC and FRB have broad authority to issue orders to banks and bank holding companies to cease and desist from unsafe or unsound banking practices and from violations of laws, rules, regulations, or conditions imposed in writing by the banking agencies. The FDIC and FRB also are empowered to require affirmative actions to correct any violation or practice; issue administrative orders that can be judicially enforced; direct increases in capital; limit dividends and distributions; restrict growth; assess civil money penalties against institutions or individuals who violate any laws, regulations, orders, or written agreements with the banking agencies; order termination of certain activities of BHCs or their subsidiaries; remove officers and directors; order divestiture of ownership or control of a nonbanking subsidiary by a BHC (in the case of the FRB); terminate deposit insurance (in the case of the FDIC); and/or place a bank into receivership (in the case of the FDIC).

Basel Capital Frameworks

Until January 1, 2015, the U.S. risk-based and leverage capital standards applicable to Ally and Ally Bank were based on the Basel Committee's Basel I capital accord (Basel I).

In December 2010, the Basel Committee reached an agreement on the Basel III capital framework, which was designed to increase the quality and quantity of regulatory capital by introducing new risk-based and leverage capital standards. In July 2013, the U.S. banking regulators finalized rules implementing the Basel III capital framework and related Dodd-Frank Act provisions (U.S. Basel III). U.S. Basel III represents a substantial revision to the regulatory capital standards for U.S. banking organizations. Ally became subject to U.S. Basel III on January 1, 2015. Certain aspects of the U.S. Basel III final rules, including the new capital buffers and regulatory capital deductions, will be phased in over several years.

U.S. Basel III subjects Ally to 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 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 payments 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 certain deferred tax assets (DTAs) that exceed specified individual and aggregate thresholds to be deducted from Common Equity Tier 1 capital. U.S. Basel III also revises the U.S. Basel I-based 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.

Depository Institutions

Ally Bank's deposits are insured by the FDIC, and Ally Bank is required to file periodic reports with the FDIC concerning its financial condition. Total assets of Ally Bank were $104.5 billion and $98.7 billion at December 31, 2014 and 2013, respectively. As a commercial nonmember bank chartered by the State of Utah, Ally Bank is subject to various regulatory capital adequacy requirements administered by state and federal banking agencies. The Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA), among other things, identifies five capital categories for insured depository institutions ("well-capitalized," "adequately capitalized," "undercapitalized," "significantly undercapitalized," and "critically undercapitalized") and requires the respective federal regulatory agencies to implement systems for "prompt corrective action" for insured depository institutions that do not meet minimum capital requirements within such categories. Depending on the category in which an institution is classified, FDICIA imposes progressively more restrictive constraints on operations, management, and capital distributions. Failure to meet minimum capital requirements can initiate certain mandatory and discretionary actions by regulators that, if undertaken, could have a direct material effect on Ally Bank's results of operations and financial condition. FDICIA generally prohibits a depository institution from making any capital distribution, including payment of a cash dividend or paying any management fee to its holding company, if the depository institution would become under-capitalized after such payment. Under-capitalized institutions are also subject to growth limitations and are required by the appropriate federal banking agency to submit a capital restoration plan. If any depository institution subsidiary of a holding company is required to submit a capital restoration plan, the holding company would be required to provide a limited

guarantee regarding compliance with the plan as a condition of approval of such plan. Failure to meet the capital guidelines could also subject a banking institution to capital raising requirements.

At December 31, 2014, we were in compliance with our regulatory capital requirements. For an additional discussion of capital adequacy requirements, refer to Note 21 to the Consolidated Financial Statements.

Mortgage Operations

Our mortgage business is subject to extensive federal, state, and local laws, rules, and regulations, in addition to judicial and administrative decisions that impose requirements and restrictions on this business. The mortgage business is also subject to examination by the Federal Housing Commissioner to assure compliance with Federal Housing Administration regulations, policies, and procedures. The federal, state, and local laws, rules, and regulations to which our mortgage business is subject, among other things, impose licensing obligations and financial requirements; limit the interest rates, finance charges, and other fees that can be charged; regulate the use of credit reports and the reporting of credit information; impose underwriting requirements; regulate marketing techniques and practices; require the safeguarding of nonpublic information about customers; and regulate servicing practices, including the assessment, collection, foreclosure, claims handling, and investment and interest payments on escrow accounts.

The Dodd-Frank Act imposed new requirements regarding mortgage loan servicing, and the CFPB's final regulations implementing these provisions went into effect in January 2014.

The future of the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), and the Government National Mortgage Association (Ginnie Mae) (collectively, the Government-sponsored Enterprises, or GSEs) and the role of government agencies in the U.S. mortgage markets remain uncertain. The Executive Branch has committed to work with the Federal Housing Finance Agency (FHFA) to develop a plan to responsibly reduce the role of the GSEs in the mortgage market and, ultimately, wind down Fannie Mae and Freddie Mac. In addition, proposals have been introduced in both houses of Congress to reform the role of the GSEs in the U.S. housing sector and move toward a private sector model.

Automotive Lending Business

The CFPB has focused on the area of automotive finance, particularly with respect to indirect financing arrangements and fair lending compliance. In March 2013, the CFPB provided guidance about compliance with the fair lending requirements of the Equal Credit Opportunity Act and its implementing regulations for indirect automotive finance companies that permit dealers to charge annual percentage rates to consumers in excess of buy rates used by the finance company to calculate the price paid to acquire an assignment of the retail installment sale contract. In December 2013, Ally Financial Inc. and Ally Bank entered into Consent Orders issued by the CFPB and the U.S. Department of Justice (DOJ) pertaining to the allegation of disparate impact in the automotive finance business. For further information, refer to Note 30 to the Consolidated Financial Statements.

Asset-backed Securitizations

Section 941 of the Dodd-Frank Act requires securitizers of different types of asset-backed securitizations, including transactions backed by residential mortgages, commercial mortgages, and commercial, credit card, and automotive loans, to retain no less than 5% of the credit risk of the assets being securitized, with an exemption for securitizations that are wholly composed of "qualified residential mortgages" (QRMs). Federal regulators issued final rules implementing this Dodd-Frank Act requirement in October 2014. The final rules aligned the definition of QRMs with the CFPB's definition of "Qualified Mortgage" and also included an exemption for the GSEs' mortgage-backed securities (MBS). The regulations took effect on February 23, 2015. Compliance is required with respect to new securitization transactions backed by residential mortgages beginning December 24, 2015 and with respect to new securitization transactions backed by other types of assets beginning December 24, 2016. Ally continues to evaluate the final rules and assess their impact on our securitization activities.

Insurance Companies

Certain of our Insurance operations are subject to certain minimum aggregate capital requirements, net asset and dividend restrictions under applicable state and foreign insurance laws, and the rules and regulations promulgated by

various U.S. and foreign regulatory agencies. Under various state and foreign insurance regulations, dividend distributions may be made only from statutory unassigned surplus with approvals required from the regulatory authorities for dividends in excess of certain statutory limitations. Our insurance operations are also subject to applicable state laws generally governing insurance companies, as well as laws and regulations for products that are not regulated as insurance, such as vehicle service contracts and guaranteed asset protection waivers.

Investments in Ally

Because Ally Bank is an FDIC-insured bank and Ally and IB Finance are BHCs, acquisitions of our voting stock above certain thresholds may be subject to regulatory approval or notice under federal or state law. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our stock in excess of the amount that may be acquired without regulatory approval under the Change in Bank Control Act, the BHC Act, and Utah state law.

Further, refer to the Tax Assets Protective Measures section of MD&A for details of certain actions taken by us during January 2014, which are intended to prevent persons from acquiring Ally common stock that exceeds certain ownership thresholds.

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Other Regulations

Some of the other more significant regulations that we are subject to include:

- Privacy — The GLB Act imposes additional obligations on us to safeguard the information we maintain on our customers, requires us to provide notice of our privacy practices, and permits customers to "opt-out" of information sharing with unaffiliated parties. The U.S. banking regulators and the Federal Trade Commission have issued regulations that establish obligations to safeguard information. In addition, several states have enacted even more stringent privacy and safeguarding legislation. If a variety of inconsistent state privacy rules or requirements are enacted, our compliance costs could increase substantially.
- Fair Credit Reporting Act — The Fair Credit Reporting Act regulates the use of credit reports and the reporting of information to credit reporting agencies, and also provides a national legal standard for lenders to share information with affiliates and certain third parties and to provide firm offers of credit to consumers. In late 2003, the Fair and Accurate Credit Transactions Act was enacted, making this preemption of conflicting state and local law permanent. The Fair Credit Reporting Act was also amended to place further restrictions on the use of information shared between affiliates, to provide new disclosures to consumers when risk-based pricing is used in the credit decision, and to help protect consumers from identity theft. All of these provisions impose additional regulatory and compliance costs on us and reduce the effectiveness of our marketing programs.
- Truth in Lending Act — The Truth in Lending Act (TILA), as amended, and Regulation Z, which implements TILA, requires lenders to provide borrowers with uniform, understandable information concerning terms and conditions in certain credit transactions. These rules apply to Ally and its subsidiaries in transactions in which they extend credit to consumers and require, in the case of certain mortgage and automotive financing transactions, conspicuous disclosure of the finance charge and annual percentage rate, if any. In addition, if an advertisement for credit states specific credit terms, Regulation Z requires that such advertisement state only those terms that actually are or will be arranged or offered by the creditor. The CFPB has recently issued substantial amendments to the mortgage requirements under TILA, and additional changes are likely in the future. Failure to comply with TILA can result in liability for damages as well as criminal and civil penalties.
- Sarbanes-Oxley Act — The Sarbanes-Oxley Act of 2002 implemented a broad range of corporate governance and accounting measures designed to promote honesty and transparency in corporate America. The principal provisions of the act include, among other things, (1) the creation of an independent accounting oversight board; (2) auditor independence provisions that restrict non-audit services that accountants may provide to their audit clients; (3) additional corporate governance and responsibility measures including the requirement that the principal executive and financial officers certify financial statements; (4) the potential forfeiture of bonuses or other incentive-based compensation and profits from the sale of an issuer's securities by directors and senior officers in the twelve-month period following initial publication of any financial statements that later require restatement; (5) an increase in the oversight of and enhancement of certain requirements relating to audit committees and how they interact with the independent auditors; (6) requirements that audit committee members must be independent and are barred from accepting consulting, advisory, or other compensatory fees from the issuer; (7) requirements that companies disclose whether at least one member of the audit committee is a "financial expert" (as defined by the Securities and Exchange Commission (SEC)) and, if not, why the audit committee does not have a financial expert; (8) a prohibition on personal loans to directors and officers, except certain loans made by insured financial institutions, on nonpreferential terms and in compliance with other bank regulatory requirements; (9) disclosure of a code of ethics; (10) requirements that management assess the effectiveness of internal control over financial reporting and that the Independent Registered Public Accounting firm attest to the assessment; and (11) a range of enhanced penalties for fraud and other violations.
- USA PATRIOT Act/Anti-Money-Laundering Requirements — In 2001, the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT Act) was signed into law. Title III of the USA PATRIOT Act amends the Bank Secrecy Act and contains provisions designed to detect and prevent the use of the U.S. financial system for money laundering and terrorist financing activities. The Bank Secrecy

Act, as amended by the USA PATRIOT Act, requires BHCs, banks, and certain other financial companies to undertake activities including maintaining an anti-money-laundering program, verifying the identity of clients, monitoring for and reporting on suspicious transactions, reporting on cash transactions exceeding specified thresholds, and responding to requests for information by regulatory authorities and law enforcement agencies. We have implemented internal practices, procedures, and controls designed to comply with these anti-money-laundering requirements.

- Community Reinvestment Act — Under the Community Reinvestment Act (CRA), a bank has a continuing and affirmative obligation, consistent with the safe-and-sound operation of the institution, to help meet the credit needs of its entire community, including low- and moderate-income persons and neighborhoods. The CRA does not establish specific lending requirements or programs for financial institutions. However, institutions are rated on their performance in meeting the needs of their communities. Failure by Ally Bank to maintain a "satisfactory" or better rating under the CRA may adversely affect Ally's ability to make acquisitions and engage in new activities, and in the event of such a rating, the FRB must prohibit the FHC and its subsidiaries from engaging in any additional activities other than those permissible for bank holding companies that are not FHCs.

Employees

We had approximately 6,900 and 7,100 employees at December 31, 2014 and 2013, respectively.

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Additional Information

The results of operations for each of our reportable operating segments and the products and services offered are contained in the individual business operations sections of MD&A. Financial information related to reportable operating segments and geographic areas is provided in Note 27 to the Consolidated Financial Statements.

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, and Current Reports on Form 8-K (and amendments to these reports) are available on our internet website, free of charge, as soon as reasonably practicable after the reports are electronically filed with or furnished to the SEC. These reports are available at www.ally.com. Choose Investor Relations, Financial Information, and then SEC Filings (under About Ally). These reports can also be found on the SEC website at www.sec.gov.

Item 1A. Risk Factors

Our businesses face many risks and uncertainties, any of which could result in a material adverse effect on our results of operations or financial condition. We believe that the most significant of the risks and uncertainties that we face are described below. This Form 10-K is qualified in its entirety by these risk factors.

Risks Related to Regulation

The regulatory environment in which we operate could have a material adverse effect on our business and earnings.

We are subject to extensive laws and regulations that require significant expense and devotion of resources, which may adversely affect our ability to operate profitably. Ally currently operates as a FHC, which permits us to engage in certain business activities, including securities, insurance, and merchant banking activities. To maintain status as a FHC, Ally and its bank subsidiary, Ally Bank, must remain “well-capitalized” and “well-managed,” as defined under applicable law. If we fail to maintain our status as a FHC, our ability to engage in the broader range of activities permitted to FHCs may be restricted and we may be required to discontinue these activities, or divest our bank subsidiary, Ally Bank.

Ally is subject to ongoing supervision, examination and regulation by the FRB, and Ally Bank by the FDIC and the Utah DFI, in each case, through regular examinations and other means that allow the regulators to gauge management’s ability to identify, assess, and control risk in all areas of operations in a safe-and-sound manner and to ensure compliance with laws and regulations. In the course of their supervision and examinations, our regulators may require improvements in various functions or areas of our business. Any requirement imposed is generally judicially enforceable, and if we are unable to implement and maintain any required actions in a timely and effective manner, we could become subject to formal supervisory actions that could lead to significant restrictions on our existing business or on our ability to develop any new business. Such forms of supervisory action could include, without limitation, written agreements, cease and desist orders, and consent orders and may, among other things, result in restrictions on our ability to pay dividends, requirements to increase capital, restrictions on our activities, the imposition of civil monetary penalties, and enforcement of such action through injunctions or restraining orders. We could also be required to dispose of certain assets and liabilities within a prescribed period. The terms of any such supervisory action could have a material adverse effect on our business, operating flexibility, financial condition, and results of operations.

Our inability to remain in compliance with regulatory requirements in a particular jurisdiction could have a material adverse effect on our operations in that market with regard to the affected product and on our reputation generally. No assurance can be given that applicable laws or regulations will not be amended or construed differently, that new laws and regulations will not be adopted, or that we will not be prohibited by local laws or regulators from taking desired actions, any of which could materially adversely affect our business, operating flexibility, financial condition, or results of operations.

Changes to any applicable statutes, regulations, rules, or policies including the interpretation or implementation of statutes, regulations, rules, or policies could affect us in substantial and unpredictable ways including limiting the types of financial services and products we may offer, limiting our ability to pursue acquisitions and increasing the ability of third parties to offer competing financial services and products. Further, noncompliance with applicable laws could result in the suspension or revocation of any license or registration at issue as well as the imposition of civil

fines and criminal penalties.

For additional information related to our regulatory requirements, see Business — Certain Regulatory Matters.

Ally and its subsidiaries are or may become involved in investigations, examinations, and proceedings by government and self-regulatory agencies, which may lead to material adverse consequences.

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 DOJ, SEC, CFPB, FRB, FDIC, Utah DFI, 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 are engaged in ongoing discussions with the DOJ with respect to legal and factual aspects of their investigations. 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.

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

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. We are currently cooperating with both the SEC and DOJ with respect to these matters.

CFPB

Further, 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, which resulted in a $98 million charge in the fourth quarter of 2013. 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 future payments should certain remediation targets not be attained.

Each of the matters set forth above may result in material adverse consequences including without limitation, adverse judgments, significant settlements, fines, penalties, injunctions, or other actions.

Our ability to execute our business strategy may be affected by regulatory considerations.

Our business strategy for Ally Bank, which is primarily focused on automotive lending and growth of our direct-channel deposit business, is subject to regulatory oversight from a safety and soundness perspective. If our banking supervisors raise concerns regarding any aspect of our business strategy for Ally Bank, we may be obliged to alter our strategy, which could include moving certain activities, such as certain types of lending, outside of Ally Bank to one of our nonbanking affiliates. Alternative funding sources outside of Ally Bank, such as unsecured funding in the capital markets, could be more expensive than funding through Ally Bank and could adversely affect our business prospects, results of operations, and financial condition.

We are subject to capital planning and systemic risk regimes, which impose significant restrictions and requirements.

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic stress tests and submit a proposed capital action plan to the FRB annually. The proposed capital action plan must include a description of all planned capital actions over a nine-quarter planning horizon, including any issuance of a debt or equity capital instrument, any capital distribution, and any similar action that the FRB determines could have an impact on Ally’s consolidated capital. The proposed capital action 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 percent, and serve as a source of strength to Ally Bank. The FRB will either object to a proposed capital plan, in whole or in part, or provide notice of non-objection to Ally. The failure to receive a notice of non-objection from the FRB would prohibit us from paying dividends and making other capital distributions. Refer to Business — Certain Regulatory Matters for further details.

In addition, in February 2014, the FRB issued a final rule to implement certain of the enhanced prudential standards mandated by Section 165 of the Dodd-Frank Act for large bank holding companies such as Ally. The final rule generally became effective on January 1, 2015. Among other things, the final rule requires Ally to maintain a

sufficient quantity of highly liquid assets to survive a projected 30-day liquidity stress event and implement various liquidity-related corporate governance measures and imposes certain requirements, duties and qualifications for Ally's risk committee and chief risk officer. These enhanced prudential standards could adversely affect our business prospects, results of operations and financial condition. Additionally, the FRB has stated that it will issue, at a later date, final rules to implement certain other enhanced prudential standards mandated by Section 165 of the Dodd-Frank Act, including single counterparty credit limits and an early remediation framework. Once implemented and adopted, these rules could adversely affect our business prospects, results of operations and financial condition.

Our ability to rely on deposits as a part of our funding strategy may be limited.

Ally Bank continues to be a key part of our funding strategy, and we have continued to place greater reliance on deposits as a source of funding through Ally Bank. Ally Bank does not have a retail branch network. It obtains its deposits through direct banking as well as brokered deposits. Brokered deposits may be more price sensitive than other types of deposits and may become less available if alternative investments offer higher interest rates. Brokered deposits totaled $9.9 billion at December 31, 2014, which represented 17% of Ally Bank total deposits. Our ability to maintain our current level of deposits or grow our deposit base could be affected by regulatory restrictions including the possible imposition of prior approval requirements, restrictions on deposit growth, or restrictions on our rates offered. In addition, perceptions of our financial strength, rates offered by third parties, and other competitive factors beyond our control, including returns on alternative investments, will also impact the size of our deposit base. In addition, our regulators may impose restrictions on our ability to fund certain types of assets at Ally Bank, potentially raising the cost of funding those activities without the use of Ally Bank deposits. Qualitative and quantitative liquidity requirements imposed by the U.S. banking regulators may also impact our funding strategy.

Financial services legislative and regulatory reforms may have a significant impact on our business and results of operations.

The Dodd-Frank Act, which became law in July 2010, has and will continue to substantially change the legal and regulatory framework under which we operate. Certain portions of the Dodd-Frank Act were effective immediately, and others have become effective since enactment, while others are subject to further rulemaking, transition periods, and the discretion of various regulatory bodies. The Dodd-Frank Act, when fully implemented, will have material implications for Ally and the entire financial services industry. Among other things, it will:

- result in Ally being subject to enhanced oversight and scrutiny as a result of being a BHC with $50 billion or more in total consolidated assets (large BHC);
- increase the levels of capital and liquidity with which Ally must operate and affect how it plans capital and liquidity levels;
- subject Ally to new and/or higher fees paid to various regulatory entities, including but not limited to deposit insurance fees and any other similar assessments paid by Ally Bank to the FDIC;
- potentially impact a number of Ally's business and risk management strategies;
- potentially restrict the revenue that Ally generates from certain businesses;
- require Ally to provide to the FRB and FDIC an annual plan for its rapid and orderly resolution in the event of material financial distress;
- subject Ally to regulation by the CFPB, which has very broad rule-making, examination, and enforcement authorities; and
- subject derivatives that Ally enters into for hedging, risk management and other purposes to a comprehensive new regulatory regime which, over time, will require central clearing and execution on designated markets or execution facilities for certain standardized derivatives and impose margin, documentation, trade reporting and other new requirements.

While U.S. regulators have finalized many regulations to implement various provisions of the Dodd-Frank Act, they plan to propose or finalize additional regulations for implementation in the future. In light of the further rulemaking required to fully implement the Dodd-Frank Act, as well as the discretion afforded to federal regulators, the full impact of this legislation on Ally, its business strategies, and financial performance cannot be known at this time and may not be known for a number of years. In addition, regulations may impact us differently in comparison to other more established financial institutions. However, these impacts are expected to be substantial and some of them are likely to adversely affect Ally and its financial performance. The extent to which Ally can adjust its strategies to offset such adverse impacts also is not knowable at this time.

Future consumer legislation or actions could harm our competitive position.

In addition to the enactment of the Dodd-Frank Act, various legislative bodies have also recently been considering altering the existing framework governing creditors' rights, including legislation that would result in or allow loan

modifications of various sorts. Such legislation may change banking statutes and the operating environment in substantial and unpredictable ways. If enacted, such legislation could increase the cost of doing business; limit or expand permissible activities; or affect the competitive balance among banks, savings associations, credit unions, and other financial institutions. We cannot predict whether new legislation will be enacted, and if enacted, the effect that it or any regulations would have on our activities, financial condition, or results of operations.

Our business may be adversely affected upon our implementation of the revised capital requirements under the U.S. Basel III final rules.

In December 2010, the Basel Committee reached an agreement on the Basel III capital framework, which was designed to increase the quality and quantity of regulatory capital by introducing new risk-based and leverage capital standards. In July 2013, the U.S. banking regulators finalized rules implementing the U.S. Basel III capital framework and related Dodd-Frank Act provisions. The U.S. Basel III final rules represent substantial revisions to the previously effective regulatory capital standards for U.S. banking organizations. Ally became subject to the U.S. Basel III final rules beginning on January 1, 2015. Certain aspects of the U.S. Basel III final rules, including new capital buffers and regulatory capital deductions, will be phased in over several years. The U.S. Basel III final rules subject Ally to higher minimum risk-based capital ratios and a capital conservation buffer above these minimum ratios. Failure to maintain the full amount of the buffer would result in restrictions on Ally's ability to make capital distributions, including dividend payments and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers.

The U.S. Basel III final rules will, over time, require more stringent deductions for, among other assets, certain DTAs from Ally's Common Equity Tier 1 capital and limit Ally's ability to meet its regulatory capital requirements through the use of trust preferred securities, or other "hybrid" securities (although certain debt or equity issued to the U.S. government under the Emergency Economic Stabilization Act are grandfathered as Tier 1 capital).

If we or Ally Bank fail to satisfy regulatory capital requirements, we or Ally Bank may be subject to serious regulatory sanctions ranging in severity from being precluded from making acquisitions or engaging in new activities to becoming subject to informal or formal supervisory actions by the FRB and/or FDIC and, potentially, FDIC receivership of Ally Bank. If any of these were to occur, such actions could prevent us from successfully executing our business plan and could have a material adverse effect on our business, results of operations, and financial position. 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.

For the current capital planning and stress testing cycle that began in October 2014, the Dodd-Frank company-run stress tests and FRB supervisory stress tests to which Ally is subject, the annual capital plan that Ally must submit and the FRB's annual post-stress capital analysis under the CCAR must incorporate the more stringent capital requirements in the U.S. Basel III final rules as they are phased in over the nine-quarter forward-looking planning horizon. Under the FRB's capital plan rule, an objection to a large BHC's capital plan would prohibit it from paying dividends or making certain other capital distributions.

Our business, financial condition, and results of operations could be adversely affected by governmental fiscal and monetary policies.

Our business and earnings are significantly affected by the fiscal and monetary policies of the U.S. government and its agencies. We are particularly affected by the policies of the FRB, which regulates the supply of money and credit in the United States. The FRB's policies influence the new and used vehicle financing market, which significantly affects the earnings of our businesses. The FRB's policies also influence the yield on our interest earning assets and the cost of our interest-bearing liabilities. Changes in those policies are beyond our control and difficult to predict and could adversely affect our revenues, profitability, and financial condition.

Our business, financial position, and results of operations could be adversely affected by the impact of affiliate transaction restrictions imposed in connection with certain financing transactions.

Certain transactions between Ally Bank and any of its nonbank "affiliates," including but not limited to Ally Financial Inc. are subject to federal statutory and regulatory restrictions. Pursuant to these restrictions, unless otherwise exempted, "covered transactions," including Ally Bank's extensions of credit to and asset purchases from its nonbank affiliates, generally (1) are limited to 10% of Ally Bank's capital stock and surplus with respect to transactions with any individual affiliate, with an aggregate limit of 20% of Ally Bank's capital stock and surplus for all affiliates and all such transactions; (2) in the case of certain credit transactions, are subject to stringent collateralization requirements; (3) in the case of asset purchases by Ally Bank, may not involve the purchase of any asset deemed to be a "low quality asset" under federal banking guidelines; and (4) must be conducted in accordance with safe-and-sound banking

practices (collectively, the Affiliate Transaction Restrictions). Furthermore, there is an "attribution rule" that provides that a transaction between Ally Bank and a third party must be treated as a transaction between Ally Bank and a nonbank affiliate to the extent that the proceeds of the transaction are used for the benefit of, or transferred to, a nonbank affiliate of Ally Bank.

Under the Dodd-Frank Act, among other changes to Sections 23A and 23B of the Federal Reserve Act, credit exposures resulting from derivatives transactions, securities lending and borrowing transactions, and acceptance of affiliate-issued debt obligations (other than securities) as collateral for a loan or extension of credit will be treated as "covered transactions." The Dodd-Frank Act also expands the scope of covered transactions required to be collateralized and places limits on acceptable collateral.

The ability to grow Ally Bank's business in the future could be affected by the Affiliate Transaction Restrictions.

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Ally Financial Inc. may be limited in its ability to receive distributions from its subsidiaries.
Regulatory and other legal restrictions may limit the ability of Ally Financial Inc.'s subsidiaries to transfer funds freely to Ally Financial Inc. In particular, many of Ally Financial Inc.'s subsidiaries are subject to laws, regulations, and rules that authorize regulatory bodies to block or reduce the flow of funds to it or that prohibit such transfers entirely in certain circumstances. These laws, regulations, and rules may hinder Ally Financial Inc.'s ability to access funds that it may need to make payments on its obligations in the future. Furthermore, as a BHC, Ally Financial Inc. may become subject to a prohibition or to limitations on its ability to pay dividends. The bank regulators have the authority and, under certain circumstances, the duty to prohibit or to limit payment of dividends by the banking organizations they supervise, including Ally Financial Inc. and its subsidiaries.
Risks Related to Our Business
Our business and results of operations are highly dependent upon overall U.S. automotive industry sales volume.
Our business and results of operation are highly sensitive to sales volume for new and used vehicles. Vehicle sales are impacted by several economic and market conditions, including employment levels, credit availability, fuel costs, and overall economic conditions. For example, new vehicle sales decreased dramatically during the economic crisis that began in 2008, and did not rebound significantly until 2012-13. Any future declines in new and used vehicle sales could have a material adverse effect on our business and profitability.
The profitability and financial condition of our operations are heavily dependent upon GM and Chrysler.
GM and Chrysler dealers and their retail customers compose a significant portion of our customer base, and our Dealer Financial Services operations are highly dependent on GM and Chrysler production and sales volume. In 2014, 61% of our U.S. new vehicle dealer inventory financing and 70% of our U.S. new vehicle consumer automotive financing volume were for GM franchised dealers and customers, and 28% of our U.S. new vehicle dealer inventory financing and 17% of our U.S. new vehicle consumer automotive financing volume were for Chrysler dealers and customers.
We were previously party to separate agreements with both GM and Chrysler that provided for certain exclusivity privileges related to subvention programs that they offered. Our agreement with Chrysler expired in April 2013. In addition, our agreement with GM expired effective February 28, 2014. These agreements, which provided us with certain preferred provider benefits, including limiting the use of other financing providers by GM and Chrysler for their incentive programs, have expired.
GM informed its dealers in early January 2015 that it intends to provide lease subvention programs for Buick, GMC, and Cadillac products exclusively through its wholly-owned subsidiary, General Motors Financial Company, Inc. (GMF). Further, GM informed us on February 27, 2015 that they also intend to provide lease subvention programs for Chevrolet exclusively through GMF. Ally's total originations during 2014 of $41.0 billion included approximately $9.3 billion of GM lease originations and approximately $4.0 billion of GM subvented loan originations. Buick, GMC, Cadillac, and Chevrolet leases combined accounted for approximately 23% of Ally's total originations during 2014. If we are unable to successfully offset these declines in our business, these actions could have a material adverse effect on our business and results of operations over time.
Other automotive manufacturers could utilize other existing companies, including their own captives, to support their financing needs including offering products or terms that we would not or could not offer, which could have a material adverse impact on our business and operations. Furthermore, other automotive manufacturers could expand or establish or acquire captive finance companies to support their financing needs thus reducing their need for our services.
A significant adverse change in GM's or Chrysler's business, including the production or sale of GM or Chrysler vehicles; the quality or resale value of GM or Chrysler vehicles; the use of GM or Chrysler marketing incentives; GM's or Chrysler's relationships with its key suppliers; vehicle recalls; or GM's or Chrysler's relationship with the United Auto Workers and other labor unions and other factors impacting GM or Chrysler or their respective employees, or significant adverse changes in their respective liquidity position and access to the capital markets; could have a material adverse effect on our profitability and financial condition.

There is no assurance that the automotive market or GM's and Chrysler's respective share of that market will not suffer downturns in the future, and any negative impact could in turn have a material adverse effect on our business, results of operations, and financial position.

Our inability to maintain relationships with dealers could have an adverse effect on our business, results of operations, and financial condition.

Our business depends on the continuation of our relationships with our customers, particularly the automotive dealers with whom we do business. While the number of dealers that we have retail relationships with increased during 2014, the number of dealers that we have wholesale relationships with decreased approximately 2% as compared to December 31, 2013. Further, our share of GM commercial wholesale financing decreased from 71% in 2012 to 64% in 2014, and our share of Chrysler commercial wholesale financing decreased from 58% in 2012 to 45% in 2014. If we are not able to maintain existing relationships with key automotive dealers or if we are not able to develop new relationships for any reason, including if we are not able to provide services on a timely basis or offer products that meet the needs of the dealers, this trend related to wholesale funding may continue, and the number dealers with which we have retail funding relationships could also decline in the future. As a result, our business, results of operations, and financial condition could be adversely affected in the future.

Our profitability and financial condition could be materially and adversely affected if the residual value of off-lease vehicles decreases in the future.

Vehicle operating leases currently comprise a substantial portion of our consumer financing originations. In particular, our GM lease originations were 23% of our consumer financing originations in 2014. Our expectation of the residual value of a vehicle subject to an automotive lease contract is a critical element used to determine the amount of the lease payments under the contract at the time the customer enters into it. As a result, to the extent the actual residual value of the vehicle, as reflected in the sales proceeds received upon remarketing at lease termination, is less than the expected residual value for the vehicle at lease inception, we incur additional depreciation expense and/or a loss on the lease transaction. General economic conditions, the supply of off-lease and other vehicles to be sold, new vehicle market prices, perceived vehicle quality, overall price, the vehicle disposition channel, and volatility of gasoline or diesel fuel, among other factors, heavily influence used vehicle prices and thus the actual residual value of off-lease vehicles. Further, it is unclear how GM's decision to provide lease subvention programs for Buick, GMC, Cadillac, and Chevrolet exclusively through GMF could impact residual values for GM vehicles. Consumer confidence levels and the strength of automotive manufacturers and dealers can also influence the used vehicle market. For example, during 2008, sharp declines in demand and used vehicle sale prices adversely affected our remarketing proceeds and financial results.

Vehicle brand images, consumer preference, and vehicle manufacturer marketing programs that influence new and used vehicle markets also influence lease residual values. In addition, our ability to efficiently process and effectively market off-lease vehicles affects the disposal costs and proceeds realized from the vehicle sales. Differences between the actual residual values realized on leased vehicles and our expectations of such values at contract inception could have a material negative impact on our profitability and financial condition.

A failure of or interruption in, as well as, security risks of the communications and information systems on which we rely to conduct our business could adversely affect our revenues and profitability.

We rely heavily upon communications and information systems to conduct our business. Any failure or interruption of our information systems or the third-party information systems on which we rely as a result of inadequate or failed processes or systems, human errors, employee misconduct, catastrophic events, external or internal security breaches, acts of vandalism, computer viruses, malware, misplaced or lost data, or other external events could cause underwriting or other delays and could result in fewer applications being received, slower processing of applications, and reduced efficiency in servicing.

In addition, our communication and information systems may present security risks, and could be susceptible to hacking or identity theft. The access by unauthorized persons to personal, confidential or proprietary information in our possession or our proprietary information, software, methodologies, and business secrets could result in a significant legal and financial exposure, supervisory liability, damage to our reputation or a loss of confidence in the security of our systems, products, and services. For example, similar to other large financial institutions, in the past we have been subject to cyber-attacks that briefly resulted in slow performance and unavailability of our website for some customers. Information security risks for large financial institutions like us have increased recently in part because of new technologies, the use of the internet and telecommunications technologies (including mobile devices) to conduct financial and other business transactions, and the increased sophistication and activities of organized crime, perpetrators of fraud, hackers, terrorists, and others. We may not be able to anticipate or implement effective preventive measures against all security breaches of these types, especially because the techniques used change frequently and because attacks can originate from a wide variety of sources. The occurrence of any of these events could have a material adverse effect on our business.

Our business requires substantial capital and liquidity, and disruption in our funding sources and access to the capital markets would have a material adverse effect on our liquidity, capital positions, and financial condition.

Our liquidity and the long-term viability of Ally depend on many factors, including our ability to successfully raise capital and secure appropriate bank financing.

We have significant maturities of unsecured debt each year. While we have reduced our reliance on unsecured funding in recent years, it continues to remain an important component of our capital structure and financing plans. At December 31, 2014, approximately $4.9 billion in principal amount of total outstanding consolidated unsecured debt is scheduled to mature in 2015, and approximately $1.9 billion and $4.4 billion in principal amount of consolidated unsecured debt is scheduled to mature in 2016 and 2017, respectively. We also obtain short-term funding from the sale of floating rate demand notes, all of which the holders may elect to have redeemed at any time without restriction. At December 31, 2014, a total of $3.3 billion in principal amount of Demand Notes were outstanding. We also rely substantially on secured funding. At December 31, 2014, approximately $12.6 billion of outstanding consolidated secured debt is scheduled to mature in 2015, approximately $11.6 billion is scheduled to mature in 2016, and approximately $11.2 billion is scheduled to mature in 2017. Furthermore, at December 31, 2014, approximately $17.1 billion in certificates of deposit at Ally Bank are scheduled to mature in 2015, which is not included in the 2015 unsecured maturities provided above. Additional financing will be required to fund a material portion of the debt maturities over these periods. The capital markets can be volatile, and Ally's access to the debt markets may be significantly reduced during periods of market stress.

As a result of volatility in the markets, our current unsecured debt ratings, and various other factors, we have increased our reliance on various secured debt markets. Although market conditions have improved, there can be no assurances that this will continue. In addition, we continue to rely on our ability to borrow from other financial institutions, and many of our primary bank facilities are up for renewal on a yearly basis. Any weakness in market conditions and a tightening of credit availability could have a negative effect on our ability to refinance

these facilities and increase the costs of bank funding. Ally and Ally Bank also continue to access the securitization markets. While markets have continued to stabilize following the 2008 liquidity crisis, there can be no assurances these sources of liquidity will remain available to us.

Our indebtedness and other obligations are significant and could materially and adversely affect our business.

We have a significant amount of indebtedness. At December 31, 2014, we had approximately $74.6 billion in principal amount of indebtedness outstanding (including $47.9 billion in secured indebtedness). Interest expense on our indebtedness constituted approximately 25% of our total financing revenue and other interest income for the year ended December 31, 2014. In addition, during the twelve months ending December 31, 2014, we declared and paid preferred stock dividends of $268 million in the aggregate.

We have the ability to create additional unsecured indebtedness. If our debt service obligations increase, whether due to the increased cost of existing indebtedness or the incurrence of additional indebtedness, we may be required to dedicate a significant portion of our cash flow from operations to the payment of principal of, and interest on, our indebtedness, which would reduce the funds available for other purposes. Our indebtedness also could limit our ability to withstand competitive pressures and reduce our flexibility in responding to changing business and economic conditions.

The market for automotive financing industry is extremely competitive. If we are unable to compete successfully, if current competitive conditions tighten, or if there is increased competition in the automotive financing and/or insurance markets or generally in the markets for securitizations or asset sales, our business could be negatively affected.

The markets for automotive financing, insurance, and banking are highly competitive. We directly compete in the automotive financing market with banks, credit unions, captive automotive finance, and independent finance companies. Our insurance business also faces significant competition from automotive manufacturers, captive automotive finance companies, insurance carriers, third-party administrators, brokers, and other insurance-related companies. Some of these competitors have certain exclusivity privileges with automotive manufacturing companies whose customers and dealers compose a significant portion of our customer base. In addition, Ally Bank faces significant competition from commercial banks, savings institutions, and other financial institutions. Many of our competitors have substantial positions nationally or in the markets in which they operate. Some of our competitors have lower cost structures, substantially lower costs of capital, and are much less reliant on securitization activities, unsecured debt, and other public markets. Our competitors may be subject to different, and in some cases, less stringent, legislative and regulatory regimes than we are, thus putting us at a competitive disadvantage to these competitors. We face significant competition in most areas including product offerings, rates, pricing and fees, and customer service. If we are unable to compete effectively in the markets in which we operate, our profitability and financial condition would be negatively affected.

The markets for asset securitizations and whole-loan sales are competitive, and other issuers and originators could increase the amount of their issuances and sales. In addition, lenders and other investors within those markets often establish limits on their credit exposure to particular issuers, originators, and asset classes, or they may require higher returns to increase the amount of their exposure. Increased issuance by other participants in the market or decisions by investors to limit their credit exposure to (or to require a higher yield for) us or to automotive securitizations or whole-loans could negatively affect our ability and that of our subsidiaries to price our securitizations and whole-loan sales at attractive rates. The result would be lower proceeds from these activities and lower profits for our subsidiaries and us.

Our allowance for loan losses may not be adequate to cover actual losses, and we may be required to materially increase our allowance, which may adversely affect our capital, financial condition, and results of operations.

We maintain an allowance for loan losses, which is a reserve established through a provision for loan losses charged to expenses, which represents management’s best estimate of probable credit losses that have been incurred within the existing portfolio of loans, all as described in Note 1 to the Consolidated Financial Statements. The allowance, in the judgment of management, is established to reserve for estimated loan losses and risks inherent in the loan portfolio.

The determination of the appropriate level of the allowance for loan losses inherently involves a high degree of subjectivity and requires us to make significant estimates of current credit risks using existing qualitative and quantitative information, all of which may undergo material changes. Changes in economic conditions affecting borrowers, accounting rules and related guidance, new information regarding existing loans, identification of additional problem loans, portfolio size, and other factors, both within and outside of our control, may require an increase in the allowance for loan losses. In addition, our continued expansion of our originations across a broad risk spectrum could increase our allowance for loan losses in the future.

Bank regulatory agencies periodically review our allowance for loan losses, as well as our methodology for calculating our allowance for loan losses and may require an increase in the provision for loan losses or the recognition of additional loan charge-offs, based on judgments different than those of management. An increase in the allowance for loan losses results in a decrease in net income and capital and may have a material adverse effect on our capital, financial condition, and results of operations.

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We are exposed to consumer credit risk, which could adversely affect our profitability and financial condition.
We are subject to credit risk resulting from defaults in payment or performance by customers for our contracts and loans, as well as contracts and loans that are securitized and in which we retain a residual interest. Furthermore, a weak economic environment and high unemployment rates could exert pressure on our consumer automotive finance customers resulting in higher delinquencies, repossessions, and losses. There can be no assurances that our monitoring of our credit risk as it affects the value of these assets and our efforts to mitigate credit risk through our risk-based pricing, appropriate underwriting policies, and loss-mitigation strategies are, or will be, sufficient to prevent a further adverse effect on our profitability and financial condition. We have continued to provide nonprime automotive financing. We define nonprime consumer automotive loans primarily as those loans with a FICO score (or an equivalent score) at origination of less than 620. In addition, we have increased our used vehicle financing. Customers that finance used vehicles tend to have lower FICO scores as compared to new vehicle customers, and defaults resulting from vehicle breakdowns are more likely to occur with used vehicles as compared to new vehicles that are financed. At December 31, 2014, the carrying value of our Automotive Finance operations nonprime consumer automotive loans before allowance for loan losses was $6.7 billion, or approximately 11.9% of our total consumer automotive loans. Of these loans, $118 million were considered nonperforming as they had been placed on nonaccrual status in accordance with internal loan policies. Refer to the Nonaccrual Loans section of Note 1 to the Consolidated Financial Statements for additional information. If we continue to grow our nonprime automotive financing loans over time, our credit risk may increase. As part of the underwriting process, we rely heavily upon information supplied by third parties. If any of this information is intentionally or negligently misrepresented and the misrepresentation is not detected before completing the transaction, the credit risk associated with the transaction may be increased.
General business and economic conditions may significantly and adversely affect our revenues, profitability, and financial condition.
Our business and earnings are sensitive to general business and economic conditions in the United States. A downturn in economic conditions resulting in increased short- and long-term interest rates, inflation, fluctuations in the debt capital markets, unemployment rates, housing prices, consumer and commercial bankruptcy filings, or a decline in the strength of national and local economies and other factors that negatively affect household incomes could decrease demand for our financing products and increase financing delinquency and losses on our customer and dealer financing operations. Further, a significant and sustained increase in fuel prices could lead to diminished new and used vehicle purchases and negatively affect our automotive finance business. Finally, concerns about the pace of economic growth in the U.S. and elsewhere and uncertainty regarding U.S. fiscal and monetary policies and the federal deficit, have resulted in significant volatility in the financial markets, and could impact our ability to obtain, and the pricing with respect to, funding that is collateralized by affected instruments and obtained through the secured and unsecured markets. As these conditions persist, our business, results of operation, and financial position could be materially adversely affected.
If the rate of inflation were to increase, or if the debt capital markets or the economy of the United States were to weaken, or if home prices or new and used vehicle purchases experience declines, we could be significantly and adversely affected, and it could become more expensive for us to conduct our business. For example, business and economic conditions that negatively affect household incomes, housing prices, and consumer behavior related to our businesses could decrease (1) the demand for our new and used vehicle financing and (2) the value of the collateral underlying our portfolio of held-for-investment assets and new and used vehicle loans and retained interests that continue to be held by us, thus further increasing the number of consumers who become delinquent or default on their loans. In addition, the rate of delinquencies, foreclosures, and losses on our loans could be higher during more severe economic slowdowns.
Any sustained period of increased delinquencies, foreclosures, or losses could further harm our ability to sell our new and used vehicle loans, the prices we receive for our new and used vehicle loans, or the value of our portfolio of mortgage and new and used vehicle loans held-for-investment or retained interests from our securitizations, which could harm our revenues, profitability, and financial condition. Continued adverse business and economic conditions

could affect demand for new and used vehicles, housing, the cost of construction, and other related factors that could harm the revenues and profitability of our business.

Acts or threats of terrorism and political or military actions taken by the United States or other governments could adversely affect general economic or industry conditions.

Geopolitical conditions may affect our earnings. Acts or threats of terrorism and political or military actions taken by the United States or other governments in response to terrorism, or similar activity, could adversely affect general economic or industry conditions.

Our borrowing costs and access to the unsecured debt capital markets depend significantly on our credit ratings.

The cost and availability of unsecured financing are materially affected by our short- and long-term credit ratings. Each of Standard & Poor’s Rating Services; Moody’s Investors Service, Inc.; Fitch, Inc.; and Dominion Bond Rating Service rates our debt. Our current ratings as assigned by each of the respective rating agencies are below investment grade, which negatively impacts our access to liquidity and increases our borrowing costs in the unsecured market. Ratings reflect the rating agencies’ opinions of our financial strength, operating performance, strategic position, and ability to meet our obligations. Future downgrades of our credit ratings would increase borrowing costs and further constrain our access to the unsecured debt markets and, as a result, would negatively affect our business. In addition, downgrades of our credit ratings could increase the possibility of additional terms and conditions being added to any new or replacement financing arrangements as well as impact elements of certain existing secured borrowing arrangements.

Agency ratings are not a recommendation to buy, sell, or hold any security and may be revised or withdrawn at any time by the issuing organization. Each agency’s rating should be evaluated independently of any other agency’s rating.

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Significant indemnification payments or contract, lease, or loan repurchase activity of retail contracts or leases could harm our profitability and financial condition.

We have repurchase obligations in our capacity as servicer in securitizations and whole-loan sales. If a servicer breaches a representation, warranty, or servicing covenant with respect to an automotive receivable, the servicer may be required by the servicing provisions to repurchase that asset from the purchaser or otherwise compensate one or more classes of investors for losses caused by the breach. If the frequency at which repurchases of assets or other payments occurs increases substantially from its present rate, the result could be a material adverse effect on our financial condition, liquidity, and results of operations.

Our earnings may decrease because of decreases or increases in interest rates.

We are subject to risks from decreasing interest rates. A low interest rate environment or a flat or inverted yield curve may adversely affect certain of our businesses by compressing net interest margins or reducing the amounts we earn on our investment securities portfolio, thereby reducing our net interest income and other revenues.

Rising interest rates could also have an adverse impact on our business as well. For example, rising interest rates:

- will increase our cost of funds;
- may reduce our consumer automotive financing volume by influencing customers to pay cash for, as opposed to financing, vehicle purchases or not to buy new vehicles;
- may lead to increased consumer delinquencies;
- may negatively impact our ability to remarket off-lease vehicles; and
- will generally reduce the value of automotive financing loans and contracts and retained interests and fixed income securities held in our investment portfolio.

Our hedging strategies may not be successful in mitigating our risks associated with changes in interest rates and could affect our profitability and financial condition as could our failure to comply with hedge accounting principles and interpretations.

We employ various economic hedging strategies to mitigate the interest rate and prepayment risk inherent in many of our assets and liabilities. Our hedging strategies rely on assumptions and projections regarding our assets, liabilities, and general market factors. If these assumptions and projections prove to be incorrect or our hedges do not adequately mitigate the impact of changes in interest rates, we may experience volatility in our earnings that could adversely affect our profitability and financial condition. In addition, we may not be able to find market participants that are willing to act as our hedging counterparties, which could have an adverse effect on the success of our hedging strategies.

In addition, hedge accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) requires the application of significant subjective judgments to a body of accounting concepts that is complex.

We use estimates and assumptions in determining the fair value of certain of our assets. If our estimates or assumptions prove to be incorrect, our cash flow, profitability, financial condition, and business prospects could be materially and adversely affected.

We use estimates and various assumptions in determining the fair value of many of our assets, including, among others, retained interests from securitizations of loans and contracts, loans held-for-sale, and other investments, which do not have an established market value or are not publicly traded. We also use estimates and assumptions in determining the residual values of leased vehicles. In addition, we use estimates and assumptions in determining our reserves for legal matters, insurance losses, and loss adjustment expenses which represent the accumulation of estimates for both reported losses and those incurred, but not reported, including claims adjustment expenses relating to direct insurance and assumed reinsurance agreements. For further discussion related to estimates and assumptions, see MD&A — Critical Accounting Estimates. Our assumptions and estimates may be inaccurate for many reasons, including that they often involve matters that are inherently difficult to predict and that are beyond our control (for example, macro-economic conditions and their impact on our dealers), and that they often involve complex interactions between a number of dependent and independent variables, factors, and other assumptions. As a result,

our actual experience may differ materially from these estimates and assumptions. A material difference between our estimates and assumptions and our actual experience may adversely affect our cash flow, profitability, financial condition, and business prospects.

Fluctuations in valuation of investment securities or significant fluctuations in investment market prices could negatively affect revenues.

Investment market prices in general are subject to fluctuation. Consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value and could negatively affect our revenues. Additionally, negative fluctuations in the value of available-for-sale investment securities could result in unrealized losses recorded in equity. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments, national and international events, and general market conditions.

Changes in accounting standards issued by the Financial Accounting Standards Board (FASB) could adversely affect our reported revenues, profitability, and financial condition.
Our financial statements are subject to the application of GAAP, which are periodically revised and/or expanded. The application of accounting principles is also subject to varying interpretations over time. Accordingly, we are required to adopt new or revised accounting standards or comply with revised interpretations that are issued from time to time by various parties, including accounting standard setters and those who interpret the standards, such as the FASB and the SEC, banking regulators, and our independent registered public accounting firm. Those changes could adversely affect our reported revenues, profitability, or financial condition.
Recently, the FASB has proposed new financial accounting standards, and has many active projects underway, that could materially affect our reported revenues, profitability, or financial condition. These proposed standards or projects include the potential for significant changes in the accounting for financial instruments (including loans, and allowance for loan losses) and the accounting for leases, among others. It is possible that any changes, if enacted, could adversely affect our reported revenues, profitability, or financial condition.
The soundness of other financial institutions could adversely affect us.
Financial services institutions are interrelated as a result of trading, clearing, counterparty, or other relationships. We have exposure to different counterparties, and we routinely execute transactions with counterparties in the financial services industry, including brokers and dealers, commercial banks, investment banks, and other institutions. Many of these transactions expose us to credit risk in the event of default of our counterparty.
Adverse economic conditions or changes in laws in states in which we have customer concentrations may negatively affect our operating results and financial condition.
We are exposed to consumer loan portfolio concentration in certain states, including California, Texas, and Florida. Factors adversely affecting the economies and applicable laws in these and other states could have an adverse effect on our business, results of operations, and financial position.
Risks Related to Ownership of Our Common Stock
We have no current plans to pay dividends on our common stock, and our ability to pay dividends on our common stock may be limited.
We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors. Our Series G preferred stock allows dividend payments on our common stock only if 1) our senior guaranteed notes issued on December 31, 2008 are rated investment grade and 2) the payment, together with other dividend payments we made since December 31, 2008, is less than 25% of our cumulative consolidated net income from January 1, 2014 to the most recently ended fiscal quarter for which financial statements are available at the time of such dividend payment. In addition, so long as any share of our Series A preferred stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A preferred stock.
Any indentures and other financing agreements that we enter into in the future may limit our ability to pay cash dividends on our capital stock, including our common stock. In the event that any of our indentures or other financing agreements in the future restrict our ability to pay dividends in cash on our common stock, we may be unable to pay dividends in cash on our common stock unless we can refinance the amounts outstanding under those agreements.
In addition, under Delaware law, our Board of Directors may declare dividends on our capital stock only to the extent of our statutory “surplus” (which is defined as the amount equal to total assets minus total liabilities, in each case at fair market value, minus statutory capital), or if there is no such surplus, out of our net profits for the then current and/or immediately preceding fiscal year. Further, even if we are permitted under our contractual obligations and Delaware law to pay cash dividends on our common stock, we may not have sufficient cash to pay dividends in cash on our common stock.
Any plans to commence payment of dividends on our common stock in the future would be subject to the FRB’s review and non-objection. Refer to Business — Certain Regulatory Matters — Bank Holding Company and Financial

Holding Company Status for additional information. There is no assurance that, upon the FRB's review of our future capital plans, we would be permitted to make any planned payments of dividends on our common stock.

Anti-takeover provisions contained in our organizational documents and Delaware law could delay or prevent a takeover attempt or change in control of our company, which could adversely affect the price of our common stock.

Our amended and restated certificate of incorporation, our amended and restated bylaws, and Delaware law contain provisions that could have the effect of rendering more difficult or discouraging an acquisition deemed undesirable by our Board of Directors. Our organizational documents include provisions:

- Limiting the liability of our directors, and providing indemnification to our directors and officers; and
- Limiting the ability of our stockholders to call and bring business before special meetings.

These provisions, alone or together, could delay hostile takeovers and changes in control of the company or changes in management.

In addition, we are subject to Section 203 of the General Corporation Law of the State of Delaware, which generally prohibits a corporation from engaging in various business combination transactions with any “interested stockholder” (generally defined as a stockholder who owns 15% or more of a corporation’s voting stock) for a period of three years following the time that such stockholder became an interested stockholder, except under certain circumstances including receipt of prior board approval.

Any provision of our Certificate of Incorporation or our Bylaws or Delaware law that has the effect of delaying or deterring a hostile takeover or change in control could limit the opportunity for our stockholders to receive a premium for their shares of our common stock and could also affect the price that some investors are willing to pay for our common stock.

An “ownership change” could limit our ability to utilize tax losses and credits carryforwards to offset future taxable income.

As of December 31, 2014, we had deferred tax assets of approximately $1.0 billion related to a U.S. federal net operating loss carryforward, $157 million related to capital loss carryforwards, $1.7 billion related to foreign tax credits, and $170 million related to other tax credits (collectively, the tax assets). Our ability to use such tax assets to offset future taxable income and reduce future tax liabilities may be significantly limited if we experience an “ownership change” as defined in Section 382 of the Internal Revenue Code of 1986, as amended (the Code). In general, an ownership change will occur when the percentage of Ally’s ownership (by value) of one or more “5-percent shareholders” (as defined in the Code) has increased by more than 50 percent over the lowest percentage owned by such shareholders at any time during the prior three years (calculated on a rolling basis). A corporation that experiences an ownership change generally will be subject to an annual limitation on the utilization of its pre-ownership change tax assets equal to the equity value of the corporation immediately before the ownership change, multiplied by the long-term, tax-exempt rate posted monthly by the IRS (subject to certain adjustments). The annual limitation would be increased each year to the extent that there is an unused limitation in a prior year. The limitation on our ability to utilize tax assets arising from an ownership change under Section 382 would depend, in large part, on the value of our equity at the time of any ownership change.

If we were to experience an “ownership change”, it is possible that our ability to fully utilize our tax assets may be delayed or deferred, and that a significant portion of our tax assets could expire before we would be able to use them to offset future taxable income or reduce future tax liabilities.

On January 9, 2014, our Board adopted our Tax Asset Protection Plan (the Plan) to help protect these tax assets. The Plan is designed to reduce the likelihood of an “ownership change” by (i) discouraging any person or group from becoming a 4.99 percent shareholder; and (ii) discouraging any existing 4.99 percent shareholder from acquiring additional shares of Ally common stock, subject to certain exceptions. Unless extended, the Plan expires on January 8, 2017.

In addition, on January 9, 2014, our Board approved a protective amendment to our Amended and Restated Certificate of Incorporation (Protective Amendment), which is designed to prevent certain transfers of Ally common stock that could result in an “ownership change.” The Protective Amendment generally restricts any transfer of Ally common stock that would (i) increase the ownership by any person to 4.99 percent or more of Ally stock then outstanding; or (ii) increase the percentage of Ally stock owned by a Five Percent Stockholder (as defined in the Plan). Unless extended, the Protective Amendment expires on January 8, 2017.

Despite the intentions of the Plan and the Protective Amendment to deter and prevent an “ownership change”, such an event may still occur. In addition, the Plan and the Protective Amendment may make it more difficult and more expensive to acquire us, and may discourage open market purchases of Ally common stock or a non-negotiated tender or exchange offer for Ally common stock. Accordingly, the Plan and the Protective Amendment may limit a shareholder’s ability to realize a premium over the market price of Ally common stock in connection with any stock transaction.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal corporate offices are located in Detroit, Michigan; Charlotte, North Carolina; and New York, New York. In Detroit, we lease approximately 264,000 square feet from GM pursuant to a lease agreement expiring in November 2016. In Charlotte, we lease approximately 187,000 square feet of office space under a lease expiring in June 2021. In New York, we lease approximately 35,000 square feet of office space under a lease that expires in July 2015. Effective February 1, 2015, we entered into a new agreement to lease approximately 55,000 square feet of office space in New York under a lease that expires in June 2023.

The primary offices for our Dealer Financial Services operations are located in Detroit, Michigan, and Southfield, Michigan. The primary office for our Automotive Finance operations is located in Detroit, Michigan, and is included in the totals referenced above. The primary office for our Insurance operations is located in Southfield, Michigan, where we lease approximately 71,000 square feet of office space under leases expiring in April 2016.

The primary offices for our Mortgage operations are located in Fort Washington, Pennsylvania, and Charlotte, North Carolina. In Fort Washington, we lease approximately 96,000 square feet of office space pursuant to a lease that expires in April 2016. The office space in Charlotte is included in the totals referenced above.

In addition to the properties described above, we lease additional space to conduct our operations. We believe our facilities are adequate for us to conduct our present business activities.

Item 3. Legal Proceedings

Refer to Note 30 to the Consolidated Financial Statements for a discussion related to our legal proceedings.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our common stock has been listed on the New York Stock Exchange (NYSE) under the symbol "ALLY" since April 10, 2014. Prior to that time, there was no public market for our stock. The following table sets forth, for the periods indicated, the reported high and low sale prices for our common stock on the NYSE.

Year ended December 31, 2014 ($ per share)	High	Low
Second Quarter (April 10, 2014 through June 30, 2014)	$25.30	$23.24
Third Quarter	25.01	22.42
Fourth Quarter	24.14	19.42

Holders

As of February 26, 2015, we had approximately 143 holders of record of our common stock.

Dividends

We have never declared or paid cash dividends on our common stock. We have no current plans to commence payment of a dividend on our common stock. Our payment of dividends on our common stock in the future will be determined by our Board of Directors in its sole discretion and will depend on business conditions, our financial condition, earnings and liquidity, and other factors. Our Series G preferred stock allows dividend payments only if (1) our senior guaranteed notes issued on December 31, 2008 are rated investment grade and (2) the payment, together with other dividend payments we made since December 31, 2008, is less than 25% of our cumulative consolidated net income from January 1, 2014 to the most recently ended fiscal quarter for which financial statements are available at the time of such dividend payment. In addition, so long as any share of our Series A preferred stock remains outstanding, no dividend or distribution may be declared or paid on our common stock unless all accrued and unpaid dividends have been paid on the Series A preferred stock. Any plans to commence payment of dividends on our common stock in the future would be subject to the FRB's review and absence of objection. Refer to Certain Regulatory Matters — Bank Holding Company and Financial Holding Company Status within Item 1 for additional information.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table provides information about the securities authorized for issuance under our equity compensation plans as of December 31, 2014.

Plan Category	(1) Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	(2) Weighted-average exercise price of outstanding options, warrants and rights	(3) Number of securities remaining available for further issuance under equity compensation plans (excluding securities reflected in column (1)) (b)
Equity compensation plans approved by security holders	4,093,139	—	34,399,533
Total	4,093,139	—	34,399,533

(a) Includes deferred stock units and restricted stock units outstanding under the 2014 Incentive Compensation Plan and deferred stock units outstanding under the 2014 Non-Employee Directors Equity Compensation Plan.

(b) Includes 29,867,224 securities available for issuance under the plans identified in (a) above and 4,532,309 securities available for issuance under Ally's Employee Stock Purchase Plan, of which 4,093,139 securities are subject to purchase during the current purchase period (determined as of December 31, 2014).

Stock Performance Graph

The following graph compares the cumulative total return to shareholders on our common stock relative to the cumulative total returns of the S&P 500 index and the S&P Financials index. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common stock and in each index on April 10, 2014 (the date our common stock first commenced trading on the NYSE) and its relative performance is tracked through December 31, 2014. The returns shown are based on historical results and are not intended to suggest future performance.

This performance graph shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference into any filing of Ally under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

Recent Sales of Unregistered Securities

Ally did not have any unregistered sales of its equity securities in fiscal year 2014, except as previously disclosed on Form 8-K.

Use of Proceeds from Registered Securities

April 2014 Initial Public Offering

On April 9, 2014, our Registration Statement on Form S-1, as amended (Reg. No. 333-173198) was declared effective in connection with the initial public offering of our common stock, pursuant to which we registered an aggregate of 102,245,670 shares of our common stock, all of which were sold by the selling stockholder, including the underwriters' over-allotment, at a price to the public of $25.00 per share. The offering closed on April 15, 2014. We did not receive any proceeds from the sale of shares by the selling stockholder. The managing underwriters of the offering were Citigroup Global Markets Inc., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and Barclays Capital Inc.

We paid $30.3 million of the offering expenses of the selling stockholders in the offering (including the underwriting discounts and commissions). Other than these payments, we made no payments directly or indirectly to (i) any of our officers or directors or their associates; (ii) any persons owning 10% or more of any class of our equity securities; or (iii) any of our affiliates.

December 2014 Follow-On Public Offering

On December 18, 2014, our Registration Statements on Form S-3 (Reg. No. 333-201057) became automatically effective upon filing in connection with the follow-on public offering of our common stock, pursuant to which we registered an aggregate of 54,926,296 shares of our common stock, all of which were sold by the selling stockholder, at a price to the public of $23.25 per share. The offering closed on December 24, 2014. We did not receive any proceeds from the sale of shares by the selling stockholder. The managing underwriters of the offering were Goldman, Sachs & Co. and Morgan Stanley & Co. LLC.

We paid $18.3 million of the offering expenses of the selling stockholder in the offering (including the underwriting discounts and commissions). Other than these payments, we made no payments directly or indirectly to (i) any of our officers or directors or their associates; (ii) any persons owning 10% or more of any class of our equity securities; or (iii) any of our affiliates.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

No shares of common stock were purchased for cash in each of the three months ended December 31, 2014.

Repurchases Under Share-Based Incentive Plans

The following table presents repurchases of our common stock for the three months ended December 31, 2014. 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.

	Total number of shares repurchased	Weighted-average price paid per share
Fourth quarter		
October	—	$—
November	5,646	22.84
December	7,653	23.37
Total fourth quarter	13,299	$23.14

Item 6. Selected Financial Data

The selected historical financial information set forth below should be read in conjunction with MD&A, our Consolidated Financial Statements, and the Notes to Consolidated Financial Statements. The historical financial information presented may not be indicative of our future performance.

The following table presents selected statement of income data.

Year ended December 31, ($ in millions)	2014	2013	2012	2011	2010
Total financing revenue and other interest income	$8,391	$8,093	$7,342	$6,671	$7,156
Interest expense	2,783	3,319	4,052	4,606	4,832
Depreciation expense on operating lease assets	2,233	1,995	1,399	941	1,251
Net financing revenue	3,375	2,779	1,891	1,124	1,073
Total other revenue	1,276	1,484	2,574	2,288	2,672
Total net revenue	4,651	4,263	4,465	3,412	3,745
Provision for loan losses	457	501	329	161	361
Total noninterest expense	2,948	3,405	3,622	3,428	3,621
Income (loss) from continuing operations before income tax expense (benefit)	1,246	357	514	(177)	(237)
Income tax expense (benefit) from continuing operations	321	(59)	(856)	42	97
Net income (loss) from continuing operations	925	416	1,370	(219)	(334)
Income (loss) from discontinued operations, net of tax	225	(55)	(174)	62	1,363
Net income (loss)	$1,150	$361	$1,196	$(157)	$1,029
Basic and diluted earnings per common share:					
Net income (loss) from continuing operations	$1.36	$(1.51)	$1.38	$(2.38)	$(8.84)
Net income (loss)	1.83	(1.64)	0.96	(2.23)	(3.35)
Market price per common share					
High Closing	$25.21				
Low Closing	20.12				
Period end closing	23.62				

The following table presents selected balance sheet and ratio data.

Year ended December 31, ($ in millions)	2014	2013	2012	2011	2010
Selected period-end balance sheet data:					
Total assets	$151,828	$151,167	$182,347	$184,059	$172,008
Long-term debt	$66,558	$69,465	$74,561	$92,885	$86,703
Preferred stock	$1,255	$1,255	$6,940	$6,940	$6,972
Total equity	$15,399	$14,208	$19,898	$19,280	$20,398
Financial ratios					
Return on average assets (a)	0.76 %	0.23 %	0.65 %	(0.09)%	0.58 %
Return on average equity (a)	7.77 %	1.92 %	6.32 %	(0.78)%	4.98 %
Return on average tangible common equity (b)	6.52 %	(5.42)%	3.20 %	(7.38)%	(7.88)%
Equity to assets (a)	9.84 %	12.00 %	10.30 %	11.10 %	11.69 %
Net interest spread (a)(c)	2.28 %	1.75 %	1.18 %	0.69 %	0.81 %
Net interest spread excluding original issue discount (a)(c)	2.44 %	1.99 %	1.49 %	1.57 %	2.16 %
Net yield on interest-earning assets (a)(d)	2.41 %	2.03 %	1.40 %	0.92 %	1.02 %
Net yield on interest-earning assets excluding original issue discount (a)(d)	2.54 %	2.21 %	1.66 %	1.68 %	2.18 %
Regulatory capital ratios					
Tier 1 capital (to risk-weighted assets) (e)	12.55 %	11.79 %	13.13 %	13.65 %	14.93 %
Total risk-based capital (to risk-weighted assets) (f)	13.24 %	12.76 %	14.07 %	14.69 %	16.30 %
Tier 1 leverage (to adjusted quarterly average assets) (g)	10.94 %	10.23 %	11.16 %	11.45 %	12.99 %
Total equity	$15,399	$14,208	$19,898	$19,280	$20,398
Goodwill and certain other intangibles	(27)	(27)	(494)	(493)	(532)
Unrealized gains and other adjustments	(1,529)	(1,560)	(1,715)	(262)	(309)
Trust preferred securities	2,546	2,544	2,543	2,542	2,541
Tier 1 capital (e)	16,389	15,165	20,232	21,067	22,098
Preferred stock	(1,255)	(1,255)	(6,940)	(6,940)	(6,972)
Trust preferred securities	(2,546)	(2,544)	(2,543)	(2,542)	(2,541)
Tier 1 common capital (non-GAAP) (h)	$12,588	$11,366	$10,749	$11,585	$12,585
Risk-weighted assets (i)	$130,590	$128,575	$154,038	$154,319	$147,979
Tier 1 common (to risk-weighted assets) (h)	9.64 %	8.84 %	6.98 %	7.51 %	8.50 %
Basel I to estimated Basel III reconciliation					
Tier 1 common capital (non-GAAP) (g) — Basel I	$12,588				
Adjustments from Basel I to Basel III (j)	411				
Estimated common equity Tier 1 — Basel III (fully phased-in)	$12,999				
Risk-weighted assets (h) — Basel I	$130,590				
Adjustments from Basel I to Basel III (j)	3,723				
Estimated risk-weighted assets — Basel III (fully phased-in)	$134,313				
Estimated common equity Tier 1 ratio — Basel III (fully phased-in)	9.68 %				

(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 GAAP net income available to common shareholders 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.

(e) 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 Treasury (Treasury) under the Troubled Asset Relief Program (TARP), less goodwill and other adjustments.

(f) Total risk-based 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. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital.

(g) Tier 1 leverage equals Tier 1 capital divided by adjusted quarterly average total assets (which reflects adjustments for disallowed goodwill and certain intangible assets). The minimum Tier 1 leverage ratio is 3% or 4% depending on factors specified in the regulations.

(h) We define Tier 1 common as Tier 1 capital less noncommon elements, including qualifying perpetual preferred stock, minority interest in subsidiaries, trust preferred securities, and mandatorily convertible preferred securities. Ally considers various measures when evaluating capital utilization and adequacy, including the Tier 1 common equity ratio, in addition to capital ratios defined by banking regulators. This calculation is intended to complement the capital ratios defined by banking regulators for both absolute and comparative purposes. Because GAAP does not include capital ratio measures, Ally believes there are no comparable GAAP financial measures to these ratios. Tier 1 common equity is not formally defined by GAAP or codified in the federal banking regulations and, therefore, is considered to be a non-GAAP financial measure. Ally believes the Tier 1 common equity ratio 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.

(i) 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.

(j) For additional details on the Basel III capital framework, refer to Note 21 to the Consolidated Financial Statements.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis of Financial Condition and Results of Operation (MD&A), as well as other portions of this Form 10-K, may contain certain statements that constitute forward-looking statements within the meaning of the federal securities laws. The words “expect,” “anticipate,” “estimate,” “forecast,” “initiative,” “object “plan,” “goal,” “project,” “outlook,” “priorities,” “target,” “intend,” “evaluate,” “pursue,” “seek,” “may,” “would,” “could,” “s “potential,” “continue,” or the negatives of any of these 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. You should not place undue reliance on any forward-looking statement and should consider all uncertainties and risks discussed in this report, including those under Item 1A, Risk Factors, as well as those provided in any subsequent Securities and Exchange Commission (SEC) filings. Forward-looking statements apply only as of the date they are made, and Ally undertakes no obligation to update any forward-looking statement to reflect events or circumstances that arise after the date the forward-looking statement are made.

Overview

Ally Financial Inc. (formerly GMAC Inc.) is a leading, independent, diversified financial services firm. Founded in 1919, we are a leading financial services company with approximately 95 years of experience providing a broad array of financial products and services, primarily to automotive dealers and their 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 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.

Our Business

Dealer Financial Services

Dealer Financial Services includes our Automotive Finance operations and Insurance operations. Our primary customers are automotive dealers, which are typically independently owned businesses. As part of the process of selling a vehicle, automotive dealers typically enter into retail installment sales contracts and leases with their retail customers. Dealers then select Ally or another automotive finance provider to which they sell those retail installment sales contracts and leases.

Our Dealer Financial Services operations offer a wide range of financial services and insurance products to almost 17,000 automotive dealerships and approximately 4.4 million of their retail customers. We have deep dealer relationships that have been built over our approximately 95-year history, and we are leveraging competitive strengths to expand our dealer footprint. Our dealer-focused business model encourages dealers to use our broad range of products through incentive programs like our Ally Dealer Rewards program, which rewards individual dealers based on the depth and breadth of our relationship. Our automotive finance services include providing retail installment sales contracts, loans, and leases, offering term loans to dealers, financing dealer floorplans and other lines of credit to dealers, fleet financing, and vehicle remarketing services. We also offer retail vehicle service contracts (VSCs) and commercial insurance primarily covering dealers' wholesale vehicle inventories. We are a leading provider of VSCs, guaranteed automobile protection (GAP), and maintenance coverage.

Automotive Finance

Our Automotive Finance operations provide U.S.-based automotive financing services to consumers and automotive dealers. For consumers, we provide retail financing and leasing for new and used vehicles, including recreational vehicles (RVs). In addition, our Commercial Services Group (CSG) provides automotive financing for small businesses. Through our commercial automotive financing operations, we fund dealer purchases of new and used vehicles through wholesale or floorplan financing. At December 31, 2014, our Automotive Finance operations had $113.2 billion of assets and generated $3.6 billion of total net revenue in 2014. We manage commercial account servicing for approximately 4,300 dealers that utilize our floorplan inventory lending or other commercial loans. We provide consumer asset servicing for a $81.3 billion portfolio at December 31, 2014. The extensive infrastructure and experience of our servicing operations are important to our ability to minimize our loan losses and enable us to deliver favorable customer experience to both our dealers and their retail customers.

Our success as an automotive finance provider is driven by the consistent and broad range of products and services we offer to dealers who originate loans and leases to their retail customers who are acquiring new and used vehicles. Ally and other automotive finance providers purchase these loans and leases from automotive dealers. Our growth strategy continues to focus on diversifying the franchise by expanding into different products as well as strengthening our network of dealer relationships outside of General Motors Company (GM) and Fiat Chrysler Automobiles US LLC (Chrysler). During 2014, originations in this channel have increased 45% from 2013. Over the past several years, we have continued to focus on the used vehicle segment primarily through franchised dealers, which has resulted in used vehicle

financing volume growth. The fragmented used vehicle financing market provides an attractive opportunity that we believe will further expand and support our dealer relationships and increase our volume of retail loan originations. In addition, at December 31, 2014, our CSG and RV channels had $5.2 billion and $1.2 billion, respectively, of retail loans outstanding.

Automotive dealers desire a full range of financial products, including new and used vehicle inventory financing, inventory insurance, term loans including real estate and working capital loans, and vehicle remarketing services to conduct their respective businesses as well as VSCs and GAP products to offer their customers. We have consistently provided this full suite of products to dealers.

For consumers, we provide retail automotive financing for new and used vehicles and leasing for new vehicles. In the United States, retail financing for the purchase of vehicles takes the form of installment sales financing. During 2014, we originated a total of approximately 1.5 million automotive loans and leases totaling approximately $41.0 billion. Our consumer automotive financing operations generate revenue through finance charges or lease payments and fees paid by customers on the retail contracts and leases. We also recognize a gain or loss on the remarketing of the vehicles financed through lease contracts at the end of the lease. When the lease contract is originated, we estimate the residual value of the leased vehicle at lease termination. Periodically we revise the projected value of the leased vehicle at lease termination. Our actual sales proceeds from remarketing the vehicle may be higher or lower than the estimated residual value.

We were previously party to separate agreements with both GM and Chrysler that provided for certain exclusivity privileges related to subvention programs that they offered. Our agreement with Chrysler expired in April 2013. In addition, our agreement with GM expired effective February 28, 2014. These agreements provided Ally with certain preferred provider benefits, including limiting the use of other financing providers by GM and Chrysler for their incentive programs. We entered into a new automotive financing agreement with GM that became effective on March 1, 2014 (the GM Agreement), which provides a general framework for dealer and consumer financing related to GM vehicles, as well as with respect to our potential participation in GM subvention programs. The GM Agreement does not provide Ally with any exclusivity or similar privileges related to the financing of GM vehicles, whether through subvention programs or otherwise. As a result, the GM Agreement does not provide the economic benefits or impose the obligations that were included within our prior agreement with GM. GM informed its dealers in early January 2015 that it intends to provide lease subvention programs for Buick, GMC, and Cadillac products exclusively through its wholly-owned subsidiary, General Motors Financial Company, Inc. (GMF). Further, GM informed us on February 27, 2015 that they also intend to provide lease subvention programs for Chevrolet exclusively through GMF. Ally's total originations during 2014 of $41.0 billion included approximately $9.3 billion of GM lease originations and approximately $4.0 billion of GM subvented loan originations. Buick, GMC, Cadillac, and Chevrolet leases combined accounted for approximately 23% of Ally’s total originations during 2014.

We continue to diversify our business mix by expanding our product offering across a broad risk spectrum, subject to our predetermined internal risk tolerance limits and applicable regulatory approvals. Our current operating results continue to reflect higher credit quality, lower yielding loans with lower credit loss experience; however the Non-GM/Chrysler channel has provided volume at lower credit tiers, which to date have provided higher-yielding loans with favorable credit loss experience relative to their returns. We seek to be a meaningful lender to a wide spectrum of borrowers. We place great emphasis on our risk management practices and risk-based pricing. We have been gradually increasing volumes in lower credit tiers. We plan to continue to increase the proportion of our Non-GM/Chrysler business, as we focus on the used vehicle market, as well as maintaining and growing our dealer-customer base through our full suite of products, our dealer relationships, the scale of our platform, and our dealer-based incentive programs.

Our commercial automotive financing operations primarily fund dealer inventory purchases of new and used vehicles, commonly referred to as wholesale or floorplan financing. This represents the largest portion of our commercial automotive financing business. Wholesale floorplan loans are secured by vehicles financed (and all other vehicle

inventory), which provide strong collateral protection in the event of dealership default. Additional collateral (e.g., personal guarantees from dealership owners) are oftentimes obtained to further manage credit risk. The amount we advance to dealers is equal to 100% of the wholesale invoice price of new vehicles. Interest on wholesale automotive financing is generally payable monthly and is indexed to a floating rate benchmark. The rate for a particular dealer is based on, among other considerations, competitive factors and the dealer's creditworthiness. During 2014, we financed an average of $30.6 billion of dealer vehicle inventory through wholesale or floorplan financings. We also provide comprehensive automotive remarketing services, including the use of SmartAuction, our online auction platform, which efficiently supports dealer-to-dealer and other commercial wholesale car transactions. In 2014, we and others including dealers, fleet rental companies, financial institutions, and GM, utilized SmartAuction to sell appoximately 373,000 vehicles to dealers and other commercial customers. SmartAuction served as the remarketing channel for 51% of Ally's off-lease vehicles.

Insurance

Our Insurance operations offer both consumer finance protection and insurance products sold primarily through the automotive dealer channel, and commercial insurance products sold directly to dealers. As part of our focus on offering dealers a broad range of consumer financial and insurance products, we provide VSCs, maintenance coverage, and GAP products. We also underwrite selected commercial insurance coverages, which primarily insure dealers' wholesale vehicle inventory in the United States. Our Insurance operations had $7.2 billion of assets at December 31, 2014, and generated $1.2 billion of total net revenue in 2014.

Our VSCs for retail customers offer owners and lessees mechanical repair protection and roadside assistance for new and used vehicles beyond the manufacturer's new vehicle warranty. These VSCs are marketed to the public through automotive dealerships and on a direct

response basis. The VSCs cover virtually all vehicle makes and models. We also offer GAP products, which allow the recovery of a specified economic loss beyond the covered vehicle's value in the event the vehicle is damaged and declared a total loss.

As part of our continued efforts to diversify, we previewed our new, flagship VSC, Ally Premier Protection, in January 2015. Ally Premier Protection will be available for new and used vehicles of virtually all makes and models later in 2015 and replaces the General Motors Protection Plan (GMPP) nameplate.

Wholesale vehicle inventory insurance for dealers provides physical damage protection for dealers' floorplan vehicles. Dealers are generally required to maintain this insurance by their floorplan finance provider. During 2014, these insurance products were purchased by approximately 3,500 dealers. Among U.S. GM franchised dealers to whom we provide wholesale financing, our wholesale insurance product penetration rate is approximately 83%. Dealers who receive wholesale financing from Ally are eligible for wholesale insurance incentives, such as automatic eligibility in our preferred insurance programs and increased financial benefits.

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 investment guidelines and strategies. The guidelines established by this committee reflect our risk tolerance, liquidity requirements, regulatory requirements, and rating agency considerations, among other factors.

Mortgage

Our Mortgage operations were historically a significant portion of our operations and were conducted primarily through the Residential Capital, LLC (ResCap) subsidiary. On May 14, 2012, ResCap and certain of its wholly-owned direct and indirect subsidiaries filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). The Bankruptcy Court entered an order confirming a bankruptcy plan on December 11, 2013, which became effective on December 17, 2013.

During 2013, we sold our business lending operations, completed the sales of agency mortgage servicing rights (MSRs), and exited the correspondent lending channel. Our ongoing Mortgage operations are limited to the management of our held-for-investment and held-for-sale mortgage loan portfolios and includes the execution of bulk purchases of high-quality jumbo mortgage loans originated by third parties. We expect this activity to continue in 2015 in support of our treasury asset liability management (ALM) activities and diversification. Our Mortgage operations had $7.9 billion of assets at December 31, 2014, and generated $60 million of total net revenue in 2014.

Corporate and Other

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.

The net financing revenue of our Automotive Finance and Mortgage operations includes the results of an FTP process that insulates these operations from interest rate volatility by matching assets and liabilities with similar interest rate sensitivity and maturity characteristics. The FTP process assigns charge rates to the assets and credit rates to the liabilities within our Automotive Finance and Mortgage operations, respectively, based on anticipated maturity and a benchmark index plus an assumed credit spread. The assumed credit spread represents the cost of funds for each asset class based on a blend of funding channels available to the enterprise, including unsecured and secured capital markets, private funding facilities, and deposits. In addition, a risk-based methodology, which incorporates each

operations credit, market, and operational risk components is used to allocate equity to these operations.

Ally Bank

Ally Bank, our direct banking platform, is focused on the continued prudent expansion of assets and further building a stable deposit base through growing and deepening relationships with its over 900,000 primary customers driven by its compelling brand and strong value proposition. Ally Bank raises deposits directly from customers through direct banking via the internet, telephone, mobile, and mail channels. Ally Bank has established a strong and growing retail banking franchise that is based on a promise of being straightforward, easy to use, and offering high-quality customer service. Ally Bank's products and services are designed to develop long-term customer relationships and capitalize on the shift in consumer preference for direct banking. Ally Bank funded $29.8 billion of finance receivables, loans, and operating leases during 2014, and had total assets of $104.5 billion at December 31, 2014.

Ally Bank offers a full spectrum of deposit product offerings, such as checking, savings, and certificates of deposit (CDs), as well as several raise-your-rate CD terms, IRA deposit products, Popmoney person-to-person transfer service, eCheck remote deposit capture, Ally Perks debit rewards program, and Mobile Banking. In addition, brokered deposits are obtained through third-party intermediaries. At December 31, 2014, Ally Bank had $57.9 billion of deposits, including $48.0 billion of retail deposits. The continued growth of our retail base, combined with favorable capital market conditions and a lower interest rate environment, have contributed to a reduction in our consolidated cost of funds of approximately 125 basis points since the first quarter of 2012. The growth in deposits is primarily attributable to

our retail deposits while our brokered deposits have remained at historical levels. Strong retention rates, reflecting the strength of the franchise, have materially contributed to our growth in retail deposits.

We believe Ally Bank is well-positioned to continue to benefit from the consumer driven-shift from branch banking to direct banking. According to a 2014 American Bankers Association survey, the percentage of customers who prefer to do their banking via direct channels (internet, mail, phone, and mobile) increased from 21% to 54% between 2007 and 2014, while those who prefer branch banking declined from 39% to 21% over the same period. Ally Bank has received a positive response to innovative savings and other deposit products, including receiving Money Magazine's "Best Online Bank" designation four consecutive years. Ally Bank's products include savings and money market accounts, CDs, interest-bearing checking accounts, trust accounts, and individual retirement accounts. Ally Bank's competitive direct banking features include online and mobile banking, electronic bill pay, remote deposit, electronic funds transfer nationwide, ATM fee reimbursements, and no minimum balance requirements.

In the future, we intend to continue to grow and invest in the Ally Bank direct banking franchise and to further capitalize on the shift in consumer preference for direct banking. We are focused on growing, deepening, and further leveraging the customer relationships and brand loyalty that exist with Ally Bank and its customers as a catalyst for future loan and deposit growth, as well as revenue opportunities.

Funding and Liquidity

Our funding strategy largely focuses on maintaining a diversified mix of retail and brokered deposits, public and private asset-backed securitizations, committed credit facilities, and public unsecured debt. These funding sources are managed across products, markets, and investors to enhance funding flexibility, limit dependence on any one source and result in a more cost-effective long term funding strategy.

As part of our overall transformation from an independent financial services company to a BHC in 2008, we took actions to further diversify and develop more stable funding sources and, in particular, embarked upon initiatives to grow our consumer deposit-taking capabilities within Ally Bank. In addition, we began distinguishing our liquidity management strategies between bank funding and nonbank funding.

Maximizing bank funding continues to be the cornerstone of our long-term liquidity strategy. We have made significant progress in growing the assets and retail deposit base of Ally Bank since becoming a BHC. Retail deposits provide a low-cost source of funds that are less sensitive to interest rate changes, market volatility, or changes in our credit ratings than other funding sources. At December 31, 2014, deposit liabilities totaled $58.2 billion, which constituted 44% of our total funding. This compares to just 29% at December 31, 2010.

In addition to building a larger deposit base, we continue to remain active in the securitization markets to finance Ally Bank's automotive loan portfolios. During 2014, we issued $11.6 billion in secured funding backed by retail automotive loans and leases as well as dealer floorplan automotive loans of Ally Bank. Continued structural efficiencies in securitizations combined with favorable market conditions have resulted in a reduction in the cost of funds achieved through secured funding transactions, making them a very attractive source of funding. Additionally, for retail loans and leases, the term structure of the transaction locks in funding for a specified pool of loans and leases for the life of the underlying assets. Once a pool of retail automotive loans is selected and placed into a securitization, the underlying assets and corresponding debt amortize simultaneously resulting in committed and matched funding for the life of the asset. We manage the execution risk arising from secured funding by maintaining a diverse investor base and maintaining committed secured facilities.

As we have shifted our focus to migrating assets to Ally Bank and growing our bank funding capabilities, our reliance on parent company liquidity has consequently been reduced. Funding sources at the parent company generally consist of longer-term unsecured debt, asset-backed securitizations, and private committed credit facilities. In 2014, we issued nearly $3.1 billion of unsecured debt through several issuances and raised $2.7 billion through three public securitization transactions comprised of nonprime retail automotive loan collateral. At December 31, 2014, we had $4.9 billion and $1.9 billion of outstanding unsecured long-term debt with maturities in 2015 and 2016, respectively. To fund these maturities, we expect to use a combination of existing liquidity and opportunistic new issuances.

The strategies outlined above have allowed us to build and maintain a conservative liquidity position. Total available liquidity at December 31, 2014 for the parent company and Ally Bank was $8.8 billion and $7.8 billion, respectively. Parent company liquidity is defined as liquidity from consolidated operations less liquidity at Ally Bank and the regulated subsidiaries of Ally Insurance's holding company. Absolute levels of liquidity decreased as a result of liability and equity management transactions. At the same time, these strategies have also resulted in a consolidated cost of funds improvement of approximately 125 basis points since the first quarter of 2012.

Credit Strategy

Within our Automotive Finance operations, we are a full spectrum automotive finance lender with most of our loan originations underwritten within the prime-lending markets. During 2014, we continued the execution of our underwriting strategy to expand our originations across a broad risk spectrum, including used, nonprime, extended term, Non-GM/Chrysler, and non-subvented finance receivables and loans. Within our Mortgage operations, we sold our business lending operations, completed the sales of agency MSRs, and exited the correspondent and direct lending channels during 2013. Our ongoing Mortgage operations are limited to the management of our held-for-investment and held-for-sale mortgage loan portfolios and includes the execution of bulk purchases of mortgage loans. We expect this activity to continue in support of our treasury ALM activities and diversification.

During the year ended December 31, 2014, the credit performance of our portfolios remained strong overall as our asset quality trends within our automotive and mortgage portfolios were relatively stable. Nonperforming loans continued to decline primarily due to the

successful rehabilitation of certain accounts within the commercial automotive portfolio. Charge-offs increased primarily due to the change in the composition of our consumer automotive portfolio as we continued the execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum. Charge-offs of our mortgage assets decreased primarily due to continued runoff of our legacy mortgage portfolio. Our provision for loan losses decreased to $457 million in 2014 from $501 million in 2013. This decrease was primarily due to lower reserve requirements in our Mortgage operations as a result of the continued runoff of legacy mortgage assets, partially offset by the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum and growth in our consumer automotive portfolio.

We continue to see signs of economic stabilization as the labor market recovered further during the year, with nonfarm payrolls increasing and the annual unemployment rate falling. Our credit portfolio will continue to be impacted by the overall economy, used vehicle and housing price levels, unemployment levels, and their impact to our borrowers.

U.S. Department of Treasury Investments

During 2008, and continuing into 2009, the credit, capital, and mortgage markets became increasingly disrupted. This disruption led to severe reductions in liquidity and adversely affected our capital position. As a result, Ally sought approval to become a BHC to obtain access to capital at a lower cost to remain competitive in our markets. The U.S. Department of Treasury (Treasury) made an initial preferred stock investment in Ally on December 29, 2008, pursuant to the Troubled Asset Relief Program (TARP), and made additional investments pursuant to TARP thereafter, including investments in additional preferred stock, common stock, and trust preferred securities. On November 20, 2013 Ally completed the repurchase of all remaining outstanding shares of its Fixed Rate Cumulative Mandatorily Convertible Preferred Stock, Series F-2, which was all of the remaining preferred stock held by Treasury, and elimination of the share adjustment right. In April 2014, we completed our IPO pursuant to which Treasury sold approximately 102 million shares of Ally common stock, after which Treasury continued to hold approximately 11.4% of Ally common stock. In December 2014, Treasury sold all of its remaining shares of Ally common stock, resulting in our exit from TARP.

Tax Assets Protective Measures

In January 2014, the Ally Board of Directors (the Board) implemented measures intended to help protect certain tax benefits primarily associated with Ally’s net operating losses and tax credit carryovers (collectively, Tax Benefits). Ally’s use of the Tax Benefits in the future may be significantly limited if it experiences an “ownership change” (within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended (the Code)) for U.S. federal income tax purposes. In general, an ownership change will occur when the percentage of Ally’s ownership (by value) of one or more “5-percent shareholders” (as defined in Code) has increased by more than 50 percent over the lowest percentage owned by such shareholders at any time during the prior three years (calculated on a rolling basis).

On January 9, 2014, the Board approved an amendment (the Protective Amendment) to Ally’s Amended and Restated Certificate of Incorporation that is intended to help protect the Tax Benefits. The Protective Amendment generally restricts any transfer of Ally’s common stock if the effect of the transfer would be to either (i) increase the direct or indirect ownership of any of Ally common stock by any Person (as defined in the Code) to 4.99% or more; or (ii) increase the percentage of Ally Capital Stock owned directly or indirectly by any Person that was a Five Percent Stockholder, subject to certain exceptions. Unless extended, the Protective Amendment expires on January 8, 2017.

In addition, on January 9, 2014, the Board approved the adoption of a Tax Asset Protection Plan (the Plan) and Ally entered into the Plan on January 10, 2014. The Plan is designed to reduce the likelihood that Ally will experience an “ownership change” for U.S. federal income tax purposes (as described above) by (i) discouraging any person or group from becoming a holder of 4.99 percent or more of the outstanding shares of Ally common stock; and (ii) discouraging any existing holder of 4.99 percent or more of Ally common stock from acquiring additional shares of Ally common stock, subject to certain exceptions. Unless extended, the Protective Amendment expires on January 8, 2017.

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 Consolidated Financial Statements for more details. 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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Total net revenue (loss)					
Dealer Financial Services					
Automotive Finance operations	$3,585	$3,427	$3,149	5	9
Insurance operations	1,185	1,253	1,214	(5)	3
Mortgage operations	60	76	1,308	(21)	(94)
Corporate and Other	(179)	(493)	(1,206)	64	59
Total	$4,651	$4,263	$4,465	9	(5)
Income (loss) from continuing operations before income tax expense (benefit)					
Dealer Financial Services					
Automotive Finance operations	$1,525	$1,271	$1,389	20	(8)
Insurance operations	197	254	160	(22)	59
Mortgage operations	62	(258)	595	124	(143)
Corporate and Other	(538)	(910)	(1,630)	41	44
Total	$1,246	$357	$514	n/m	(31)

n/m = not meaningful

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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Net financing revenue					
Total financing revenue and other interest income	$8,391	$8,093	$7,342	4	10
Interest expense	2,783	3,319	4,052	16	18
Depreciation expense on operating lease assets	2,233	1,995	1,399	(12)	(43)
Net financing revenue	3,375	2,779	1,891	21	47
Other revenue					
Net servicing income (loss)	31	(87)	405	136	(121)
Insurance premiums and service revenue earned	979	1,012	1,055	(3)	(4)
Gain on mortgage and automotive loans, net	7	55	379	(87)	(85)
Loss on extinguishment of debt	(202)	(59)	(148)	n/m	60
Other gain on investments, net	181	180	146	1	23
Other income, net of losses	280	383	737	(27)	(48)
Total other revenue	1,276	1,484	2,574	(14)	(42)
Total net revenue	4,651	4,263	4,465	9	(5)
Provision for loan losses	457	501	329	9	(52)
Noninterest expense					
Compensation and benefits expense	947	1,019	1,106	7	8
Insurance losses and loss adjustment expenses	410	405	454	(1)	11
Other operating expenses	1,591	1,981	2,062	20	4
Total noninterest expense	2,948	3,405	3,622	13	6
Income from continuing operations before income tax expense (benefit)	1,246	357	514	n/m	(31)
Income tax expense (benefit) from continuing operations	321	(59)	(856)	n/m	(93)
Net income from continuing operations	$925	$416	$1,370	122	(70)

n/m = not meaningful

2014 Compared to 2013

We earned net income from continuing operations of $925 million for the year ended December 31, 2014, compared to $416 million for the year ended December 31, 2013. Net income from continuing operations for the year ended December 31, 2014 was favorably impacted by an increase in operating lease revenue for our Automotive Finance operations resulting from increases in lease remarketing gains, 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. Additional favorability was due to our Mortgage operations, as results in 2013 were unfavorably impacted by the valuation of our MSRs portfolio, which was sold during the second quarter of 2013. These items were partially offset by higher income tax expense primarily attributable to higher pretax earnings, and higher depreciation expense related to higher lease asset balances as a result of strong lease origination volume.

Total financing revenue and other interest income increased $298 million for the year ended December 31, 2014, compared to 2013. The increase resulted primarily from an increase in operating lease revenue for our Automotive

Finance operations, which was driven primarily by higher lease asset balances resulting from strong origination volume and higher lease remarketing gains due to increased termination volumes. These increases were partially offset by lower mortgage loan balances as a result of the wind-down of our consumer held-for-sale portfolio and runoff of our held-for-investment portfolio.

Interest expense decreased 16% for the year ended December 31, 2014, compared to 2013, 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 12% for the year ended December 31, 2014, compared to 2013, primarily due to higher lease asset balances resulting from strong lease origination volume, partially offset by higher lease remarketing gains due to increased termination volumes.

We earned net servicing income of $31 million for the year ended December 31, 2014, compared to a net servicing loss of $87 million in 2013. The increase was primarily due to the completed sales of our agency MSRs portfolio in the second quarter of 2013, partially offset by lower levels of off-balance sheet automotive retail serviced assets.
Gain on mortgage and automotive loans decreased 87% for the year ended December 31, 2014, compared to 2013. The decrease was primarily related to our decision to cease mortgage-lending production through our direct lending channel in 2013, and margins associated with government-sponsored refinancing programs, partially offset by the completed sale of a $40 million student lending portfolio during the second quarter of 2014.
Loss on extinguishment of debt increased $143 million for the year ended December 31, 2014, compared to 2013. The increase was primarily due to the completion of a tender offer to buy back $750 million of our long-dated high-coupon debt in October 2014. We recorded a loss of $156 million on extinguishment of debt in 2014 related to this transaction. The increase was partially offset by a decrease in the accelerated recognition of issuance expenses related to calls of redeemable debt during 2014.
Other income, net of losses, decreased 27% for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to lower fee income and net origination revenue related to our exit from consumer mortgage-lending production associated with government-sponsored refinancing programs, and unfavorable derivative activity as a result of changes in rates and their impact on economic hedge positions. These decreases were partially offset by higher remarketing fee income.
The provision for loan losses was $457 million for the year ended December 31, 2014, compared to $501 million in 2013. The decrease was driven by lower reserve requirements in our Mortgage operations as a result of the continued runoff of legacy mortgage assets, partially offset by the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum and growth in our consumer automotive portfolio.
Total noninterest expense decreased 13% for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to the overall streamlining of the company and increased operating efficiencies. Compensation and benefits expense decreased 7% due in part to headcount reductions in centralized support functions. Further, expenses have benefited from strategic actions, including our exit of all non-strategic mortgage-related activities that resulted in lower broker fees from consumer mortgage-lending production associated with government-sponsored refinancing programs, and lower representation and warranty expense due to decreased repurchase risk associated with the sale of our agency MSRs portfolio. Further contributing to the decrease were the non-recurrence of a $98 million charge in the fourth quarter of 2013 relating to the execution of Consent Orders issued by the Consumer Financial Protection Bureau (CFPB) and the U.S. Department of Justice (DOJ) pertaining to the allegation of disparate impact in the automotive finance business, as well as a reduction of expenses related to our arrangement with GM that provided for certain exclusivity privileges related to subvention programs that they offered, which expired in February 2014. Refer to Note 30 to the Consolidated Financial Statements for additional details on these matters.
We recognized consolidated income tax expense from continuing operations of $321 million for the year ended December 31, 2014, compared to income tax benefit of $59 million in 2013. The increase in income tax expense for the year ended December 31, 2014, was driven by tax expense primarily attributable to higher pretax earnings.

2013 Compared to 2012

We earned net income from continuing operations of $416 million for the year ended December 31, 2013, compared to $1.4 billion for the year ended December 31, 2012. Net income from continuing operations for the year ended December 31, 2013, declined $853 million in our Mortgage operations, primarily due to the exit of all non-strategic mortgage-related activities, including consumer mortgage-lending production associated with government-sponsored refinancing programs, our warehouse lending operations, and our agency MSRs portfolio. Results for the year ended December 31, 2013 were also impacted by a decrease in income tax benefit. The decreases were partially offset by lower OID amortization expense related to bond maturities and normal monthly amortization, and lower funding costs.

Total financing revenue and other interest income increased $751 million for the year ended December 31, 2013, compared to 2012. The increase resulted primarily from an increase in operating lease revenue and consumer financing revenue for our Automotive Finance operations driven primarily by an increase in consumer asset levels as a result of strong lease originations. Additionally, we continued to prudently expand our nonprime origination volume across a broader credit spectrum, effecting margin expansion. This increase was partially offset by lower mortgage loan production as a result of the wind-down of our consumer held-for-sale portfolio, run-off of our held-for-investment portfolio, and the shutdown of our warehouse lending operations.

Interest expense decreased 18% for the year ended December 31, 2013, compared to 2012, primarily due to lower funding costs as a result of continued deposit growth and the refinancing of higher-cost legacy debt, and a decrease in OID amortization expense. Including a decrease in OID amortization expense of $87 million, total interest expense on long-term debt decreased $734 million for the year ended December 31, 2013, compared to 2012.

Depreciation expense on operating lease assets increased 43% for the year ended December 31, 2013, compared to 2012, primarily due to higher lease asset balances as a result of strong lease origination volume, partially offset by higher lease remarketing gains.

We incurred a net servicing loss of $87 million for the year ended December 31, 2013, compared to net servicing income of $405 million in 2012. The decrease was primarily due to the completed sales of our agency MSRs portfolio in the second quarter of 2013, including the valuation of the portfolio in conjunction with the sale and the unwinding of all related derivative activity.

Gain on mortgage and automotive loans decreased 85% for the year ended December 31, 2013, compared to 2012. The decrease was primarily related to lower consumer mortgage-lending production through our direct lending channel and margins associated with government-sponsored refinancing programs as a result of our decision to substantially exit mortgage-related activities. Furthermore, while we continue to evaluate opportunistic use of whole-loan sales as a source of funding in our Automotive Finance operations, we did not execute any whole-loan sales during 2013 and have primarily focused on securitization and deposit-based funding sources.

Loss on extinguishment of debt decreased $89 million for the year ended December 31, 2013, compared to 2012, primarily due to the non-recurrence of fees related to the early termination of FHLB debt as a result of replacing our higher-cost long-term debt structure in favor of a lower-cost short-term FHLB debt structure in 2012. The decrease was partially offset by the accelerated recognition of issuance expenses related to calls of redeemable debt in 2013.

Other gain on investments, net, was $180 million for the year ended December 31, 2013, compared to $146 million in 2012. The increase was primarily due to favorable market conditions, resulting in lower recognition of other-than-temporary impairment, and increased gain on sales of investments.

Other income, net of losses, decreased 48% for the year ended December 31, 2013, compared to 2012. The decrease was primarily due to lower fee income and net origination revenue related to decreased consumer mortgage-lending production associated with government-sponsored refinancing programs.

The provision for loan losses was $501 million for the year ended December 31, 2013, compared to $329 million in 2012. The increase was primarily due to the continued execution of our underwriting strategy to prudently expand our originations of consumer automotive assets across a broader credit spectrum, which was significantly narrowed during the most recent economic recession, and the growth in our U.S. consumer automotive portfolio.

Total noninterest expense decreased 6% for the year ended December 31, 2013, compared to 2012, primarily due to lower consumer mortgage-lending production through our direct lending channel and the broker fee associated with those government-sponsored refinancing programs, and lower representation and warranty expense. Lower representation and warranty expense was primarily due to the establishment of our representation and warranty liability during the second quarter of 2012 resulting from the deconsolidation of ResCap. The decrease was partially offset by the recognition of a $98 million charge in the fourth quarter of 2013 relating to the execution of Consent Orders issued by the CFPB and the DOJ pertaining to the allegation of disparate impact in the automotive finance business. Refer to Note 30 to the Consolidated Financial Statements for additional details.

We recognized consolidated income tax benefit from continuing operations of $59 million for the year ended December 31, 2013, compared to $856 million in 2012. For the year ended December 31, 2012, our results from operations benefited from the release of U.S. federal and state valuation allowances and related effects on the basis of management's reassessment of the amount of its deferred tax assets that are more likely than not to be realized. A commensurate benefit was not recognized for the year ended December 31, 2013.

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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Net financing revenue					
Consumer	$3,046	$3,004	$2,827	1	6
Commercial	1,024	1,061	1,152	(3)	(8)
Loans held-for-sale	—	—	15	—	(100)
Operating leases	3,558	3,209	2,379	11	35
Other interest income	10	22	52	(55)	(58)
Total financing revenue and other interest income	7,638	7,296	6,425	5	14
Interest expense	2,084	2,142	2,199	3	3
Depreciation expense on operating lease assets	2,233	1,995	1,399	(12)	(43)
Net financing revenue	3,321	3,159	2,827	5	12
Other revenue					
Servicing fees	31	58	109	(47)	(47)
Gain on automotive loans, net	10	—	41	n/m	(100)
Other income	223	210	172	6	22
Total other revenue	264	268	322	(1)	(17)
Total net revenue	3,585	3,427	3,149	5	9
Provision for loan losses	542	494	253	(10)	(95)
Noninterest expense					
Compensation and benefits expense	454	450	416	(1)	(8)
Other operating expenses	1,064	1,212	1,091	12	(11)
Total noninterest expense	1,518	1,662	1,507	9	(10)
Income from continuing operations before income tax expense (benefit)	$1,525	$1,271	$1,389	20	(8)
Total assets (a)	$113,188	$109,312	$128,411	4	(15)

n/m = not meaningful

(a) The decline in total assets from 2012 to 2013 was primarily due to the sale of substantially all of our international automotive finance businesses. Refer to Note 2 to the Consolidated Financial Statements for further details.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Net operating lease revenue					
Operating lease revenue	$3,558	$3,209	$2,379	11	35
Depreciation expense					

Depreciation expense on operating lease assets (excluding remarketing gains)	2,666	2,327	1,515	(15)	(54)
Remarketing gains	(433)	(332)	(116)	30	186
Total depreciation expense on operating lease assets	2,233	1,995	1,399	(12)	(43)
Total net operating lease revenue	$1,325	$1,214	$980	9	24

2014 Compared to 2013

Our Automotive Finance operations earned income from continuing operations before income tax expense of $1.5 billion for the year ended December 31, 2014, compared to $1.3 billion for the year ended December 31, 2013. Results for the year ended December 31, 2014 were favorably impacted primarily by higher operating lease revenue driven by increases in lease remarketing gains due to increases in termination volumes. Lease terminations totaled 296,393 for the year ended December 31, 2014, compared to 148,587 for the year ended December 31, 2013, reflecting an increase of 99%. The favorability was partially offset by higher depreciation expense on the operating lease portfolio and higher provision for loan losses resulting from consumer portfolio growth.

Consumer financing revenue increased $42 million for the year ended December 31, 2014, compared to 2013, primarily due to continued origination growth. GM and Non-GM/Chrysler consumer originations increased 7% and 45%, respectively, for the year ended December 31, 2014, compared to 2013. This increase was partially offset by lower yields as a result of higher-quality asset originations and increased competition.

Commercial financing revenue decreased $37 million for the year ended December 31, 2014, compared to 2013, primarily due to lower yields as a result of increased competition in the wholesale marketplace.

Net operating lease revenue increased 11% for the year ended December 31, 2014, compared to 2013. The increase was primarily due to higher lease asset balances resulting from strong origination volume and higher lease remarketing gains due to increased termination volumes. We recognized remarketing gains of $433 million for the year ended December 31, 2014, compared to $332 million in 2013. The increases in revenue and lease remarketing gains were partially offset by an increase in depreciation expense due to higher lease asset balances resulting from strong lease origination volume. For further details on our lease business, refer to Manufacturer Marketing Incentives within this MD&A.

Servicing fee income decreased 47% for the year ended December 31, 2014, compared to 2013, due to lower levels of off-balance sheet retail serviced assets.

Other income increased $13 million for the year ended December 31, 2014, compared to 2013, primarily due to higher remarketing fee income driven by an increase in lease terminations.

The provision for loan losses was $542 million for the year ended December 31, 2014, compared to $494 million in 2013. The increase was primarily due to the continued execution of our underwriting strategy to originate consumer assets across a broad risk spectrum and growth in our consumer automotive portfolio.

Total noninterest expense decreased 9% for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to the non-recurrence of a $98 million charge in the fourth quarter of 2013 relating to the execution of Consent Orders issued by the CFPB and the DOJ pertaining to the allegation of disparate impact in the automotive finance business. Also contributing to the overall decrease was a reduction of expenses related to our arrangement with GM that provided for certain exclusivity privileges related to subvention programs that they offered, which expired in February 2014. Refer to Note 30 to the Consolidated Financial Statements for additional details on these matters.

2013 Compared to 2012

Our Automotive Finance operations earned income from continuing operations before income tax expense of $1.3 billion for the year ended December 31, 2013, compared to $1.4 billion for the year ended December 31, 2012. Results for the year ended December 31, 2013 were unfavorably impacted by lower commercial and other revenue, higher depreciation expense on operating lease assets related to growth in the lease portfolio, recognition of a charge related to a settlement with the CFPB and DOJ, and higher provision for loan losses primarily driven by the continued execution of our underwriting strategy to prudently expand our originations of consumer automotive assets across a broader credit spectrum, offset mostly by higher consumer and operating lease revenues driven by growth in the consumer loan and operating lease portfolios.

Consumer financing revenue increased 6% for the year ended December 31, 2013, compared to 2012, due to an increase in consumer asset levels primarily related to continued strong loan origination volumes relative to the

pay-down of the existing portfolio despite lower penetration levels for new GM and Chrysler retail automotive loans. Additionally, our originations of Chrysler subvented retail financing and leases have ceased, but we continue to participate in standard rate consumer loan and lease products in the Chrysler channel. The increase in consumer revenue from higher consumer asset levels was partially offset by slightly lower margins as a result of the competitive market environment for automotive financing.

Commercial financing revenue decreased $91 million for the year ended December 31, 2013, compared to 2012. The decrease was primarily due to lower yields as a result of competitive markets for automotive commercial financing, despite asset balances remaining stable.

Operating lease revenue increased 35% for the year ended December 31, 2013, compared to 2012, primarily due to higher lease asset balances as a result of strong origination volume primarily driven by an increase in GM marketing incentives.

Depreciation expense on operating lease assets increased 43% for the year ended December 31, 2013, compared to 2012, primarily due to higher lease asset balances as a result of strong lease origination volume, partially offset by higher lease remarketing gains.

Servicing fee income decreased 47% for the year ended December 31, 2013, compared to 2012, due to lower levels of off-balance sheet retail serviced assets.

We experienced no gains on the sale of automotive loans for the year ended December 31, 2013, compared to $41 million for 2012. While we continue to evaluate opportunistic use of whole-loan sales as a source of funding, we have primarily focused on securitization and deposit-based funding sources in 2013.

Other income increased 22% for the year ended December 31, 2013, compared to 2012. The increase for the year ended December 31, 2013, was primarily due to higher remarketing fee income coupled with a one-time fee earned from a vendor that did not occur during 2012.

The provision for loan losses was $494 million for the year ended December 31, 2013, compared to $253 million in 2012. The increase was primarily due to the continued execution of our underwriting strategy to prudently expand our originations of consumer automotive assets across a broader credit spectrum, which was significantly narrowed during the most recent economic recession, and the growth in our U.S. consumer automotive portfolio.

Total noninterest expense increased 10% for the year ended December 31, 2013, compared to 2012. The increase was primarily due to an increase in other operating expenses resulting from the recognition of a $98 million charge in the fourth quarter of 2013 relating to the execution of Consent Orders issued by the CFPB and the DOJ pertaining to the allegation of disparate impact in the automotive finance business. Refer to Note 30 to the Consolidated Financial Statements for additional details.

Automotive Finance Operations

Our Automotive Finance operations provide automotive financing services to consumers and automotive dealers. For consumers, we provide retail financing and leasing for new and used vehicles, and through our commercial automotive financing operations, we fund dealer purchases of new and used vehicles through wholesale or floorplan financing.

Consumer Automotive Financing

We provide two basic types of financing for new and used vehicles: retail installment sale contracts (retail contracts) and lease contracts. In most cases, we purchase retail contracts and leases for new and used vehicles from dealers when the vehicles are purchased or leased by consumers. Our consumer automotive financing operations generate revenue through finance charges or lease payments and fees paid by customers on the retail contracts and leases. In connection with lease contracts, we also recognize a gain or loss on the remarketing of the vehicle at the end of the lease.

The amount we pay a dealer for a retail contract is based on the negotiated purchase price of the vehicle and any other products, such as service contracts, less any vehicle trade-in value and any down payment from the consumer. Under the retail contract, the consumer is obligated to make payments in an amount equal to the purchase price of the vehicle (less any trade-in or down payment) plus finance charges at a rate negotiated between the consumer and the dealer. In addition, the consumer is also responsible for charges related to past-due payments. When we purchase the contract, it is normal business practice for the dealer to retain some portion of the finance charge as income for the dealership. Our agreements with dealers place a limit on the amount of the finance charges they are entitled to retain. Although we do not own the vehicles we finance through retail contracts, we hold a perfected security interest in those vehicles.

With respect to consumer leasing, we purchase leases (and the associated vehicles) from dealerships. The purchase price of consumer leases is based on the negotiated price for the vehicle less any vehicle trade-in and any down payment from the consumer. Under the lease, the consumer is obligated to make payments in amounts equal to the amount by which the negotiated purchase price of the vehicle (less any trade-in value or down payment) exceeds the contract residual value (including residual support) of the vehicle at lease termination, plus lease charges. The consumer is also generally responsible for charges related to past due payments, excess mileage, excessive wear and tear, and certain disposal fees where applicable. At contract inception, we determine the projected residual value based on an internal evaluation of the expected future value. This evaluation is based on a proprietary model, which includes variables such as age, expected mileage, seasonality, segment factors, vehicle type, economic indicators, production cycle, automotive manufacturer incentives, and shifts in used vehicle supply. This internally-generated data is compared against third party, independent data for reasonableness.

Periodically, we revise the projected value of the lease vehicle at termination based on current market conditions and adjust depreciation expense appropriately over the remaining life of the contract. At termination, our actual sales proceeds from remarketing the vehicle may be higher or lower than the estimated residual value resulting in a gain or loss on remarketing recorded through depreciation expense.

Our standard U.S. leasing plan, SmartLease, requires a monthly payment by the consumer. We also offer an alternative leasing plan, SmartLease Plus, that requires one up-front payment of all lease amounts at the time the consumer takes possession of the vehicle.

Consumer leases are operating leases; therefore, credit losses on the operating lease portfolio are not as significant as losses on retail contracts because lease credit losses are primarily limited to payments and assessed fees. Since some of these fees are not assessed until the vehicle is returned, these losses on the lease portfolio are correlated with lease termination volume. U.S. operating lease accounts past due over 30 days represented 0.75% and 0.74% of the portfolio at December 31, 2014 and 2013, respectively.

With respect to all financed vehicles, whether subject to a retail contract or a lease contract, we require that property damage insurance be obtained by the consumer. In addition, for lease contracts, we require that bodily injury, collision, and comprehensive insurance be obtained by the consumer.

Total consumer financing revenue of our Automotive Finance operations was $3.0 billion, $3.0 billion, and $2.8 billion for the years ended December 31, 2014, 2013, and 2012, respectively. Net operating lease revenue of our Automotive Finance operations was $1.3 billion, $1.2 billion, and $980 million for the years ended December 31, 2014, 2013, and 2012, respectively.

The following table presents the total U.S. consumer origination dollars and percentage mix by type.

Year ended December 31, ($ in millions)	Consumer automotive financing originations			% Share of Ally originations		
	2014	2013	2012	2014	2013	2012
GM						
New retail standard	$7,280	$6,322	$6,230	18	17	16
New retail subvented	3,992	4,416	5,960	10	12	15
Lease	9,296	8,484	5,919	23	23	15
Used	5,279	4,991	5,174	13	13	13
Total GM vehicle originations	25,847	24,213	23,283	63	65	60
Chrysler						
New retail standard	3,556	3,468	4,431	9	9	12
New retail subvented	—	390	1,971	—	1	5
Lease	1,489	1,936	2,380	4	5	6
Used	1,736	1,586	1,746	4	4	4
Total Chrysler vehicle originations	6,781	7,380	10,528	17	20	27
Non-GM/Chrysler						
New retail vehicles	3,077	2,269	2,178	8	6	6
Lease	547	171	93	1	1	—
Used	4,699	3,297	2,661	11	8	7
Total Non-GM/Chrysler vehicle originations	8,323	5,737	4,932	20	15	13
Total consumer automotive financing originations	$40,951	$37,330	$38,743			

During the year ended December 31, 2014, total consumer originations increased $3.6 billion compared to 2013. The increase was primarily due to continued growth in the Non-GM/Chrysler channel, as well as strong GM new retail standard and lease volume. Non-GM/Chrysler volume increased 45% in 2014, compared to 2013, due to the continued strategic focus beyond the GM new and Chrysler new markets. The increase in volume was partially offset by lower GM new retail subvented and Chrysler new retail and lease volume. Chrysler new retail and lease volume decreased primarily as a result of lower retail penetration after the expiration of our operating agreement on April 30, 2013.

Manufacturer Marketing Incentives

Automotive manufacturers may elect to sponsor incentive programs (on both retail contracts and leases) by supporting finance rates below the standard market rates at which we purchase retail contracts. These marketing incentives are also referred to as rate support or subvention. When automotive manufacturers utilize these marketing incentives, we are compensated at contract inception for the present value of the difference between the customer rate and our standard rates. For retail loans, we defer and recognize this amount as a yield adjustment over the life of the contract. For lease contracts, this payment reduces our cost basis in the underlying lease asset.

Under what we refer to as pull-ahead programs, consumers may be encouraged by the manufacturer to terminate leases early in conjunction with the acquisition of a new vehicle. As part of these programs, we waive all or a portion of the customer's remaining payment obligation. Under most programs, the automotive manufacturer compensates us for a portion of the foregone revenue from the waived payments that are offset partially to the extent that our remarketing sales proceeds are higher than otherwise would be realized if the vehicle had been remarketed at lease contract maturity.

We were previously party to separate agreements with both GM and Chrysler that provided for certain exclusivity privileges related to subvention programs that they offered. Our agreement with Chrysler expired in April 2013. In addition, our agreement with GM expired effective February 28, 2014. These agreements provided Ally with certain preferred provider benefits, including limiting the use of other financing providers by GM and Chrysler for their incentive programs. We entered into a new automotive financing agreement with GM that became effective on March

1, 2014, which provides a general framework for dealer and consumer financing related to GM vehicles, as well as with respect to our ongoing participation in GM subvention programs. The GM Agreement does not provide Ally with any exclusivity or similar privileges related to the financing of GM vehicles, whether through subvention programs or otherwise. As a result, the GM Agreement does not provide the economic benefits or impose the obligations that were included within our prior agreement with GM. GM informed its dealers in early January 2015 that it intends to provide lease subvention programs for Buick, GMC, and Cadillac products exclusively through its wholly-owned subsidiary, GMF. Further, GM informed us on February 27, 2015 that they also intend to provide lease subvention programs for Chevrolet exclusively through GMF. Our share of GM consumer sales was 28%, 29%, and 30% for the years ended December 31, 2014, 2013 and 2012, respectively.

Servicing

We have historically serviced all retail contracts and leases we originated. On occasion, we have sold a portion of the retail contracts we originated through whole-loan sales and securitizations, but retained the right to service and earn a servicing fee for our servicing functions. Ally Servicing LLC, a wholly-owned subsidiary, performs most servicing activities for U.S. retail contracts and consumer automotive leases.

Servicing activities consist largely of collecting and processing customer payments, responding to customer inquiries such as requests for payoff quotes, processing customer requests for account revisions (payment extensions and rewrites), maintaining a perfected security interest in the financed vehicle, monitoring certain vehicle insurance coverages, and disposing of off-lease vehicles. Servicing activities are generally consistent for our Automotive Finance operations; however, certain practices may be influenced by local laws and regulations.

Our U.S. customers have the option to receive monthly billing statements and remit payment by mail or through electronic fund transfers, or to establish online web-based account administration through the Ally Account Center. Customer payments are processed by regional third-party processing centers that electronically transfer payment information to customers' accounts.

Servicing activities also include initiating contact with customers who fail to comply with the terms of the retail contract or lease agreement by sending reminder notices and/or contacting via telephone when an account becomes 3 to 15 days past due. The type of collection treatment and level of intensity increases as the account becomes more delinquent. The nature and timing of these activities depend on the repayment risk of the account.

During the collection process, we may offer a payment extension to a customer experiencing temporary financial difficulty. A payment extension enables the customer to delay monthly payments for 30, 60, or 90 days, thereby deferring the maturity date of the contract by the length of extension. Extensions granted to a customer typically do not exceed 90 days in the aggregate during any 12-month period or 180 days in aggregate over the life of the contract. During the deferral period, we continue to accrue and collect finance charges on the contract as part of the deferral agreement. If the customer's financial difficulty is not temporary and management believes the customer could continue to make payments at a lower payment amount, we may offer to rewrite the remaining obligation, extending the term and lowering the monthly payment obligation. In those cases, the principal balance generally remains unchanged while the interest rate charged to the customer generally increases. The use of extensions and rewrites help mitigate financial loss in those cases where management believes the customer will recover from short-term financial difficulty and resume regularly scheduled payments or can fulfill the obligation with lower payments over a longer period. Before offering an extension or rewrite, collection personnel evaluate and take into account the capacity of the customer to meet the revised payment terms. Generally, we do not consider extensions that fall within our policy guidelines to represent more than an insignificant delay in payment and, therefore, they are not considered Troubled Debt Restructurings (TDRs). Although the granting of an extension could delay the eventual charge-off of an account, typically we are able to repossess and sell the related collateral, thereby mitigating the loss. Of the total amount outstanding in the U.S. traditional retail portfolio at December 31, 2010, only 6.1% of the extended or rewritten balances were subsequently charged off through December 31, 2014. A four-year period was utilized for this analysis as this approximates the weighted average remaining term of the portfolio. At December 31, 2014, 7.9% of the total amount outstanding in the servicing portfolio had been granted an extension or was rewritten.

Subject to legal considerations, in the United States we normally begin repossession activity once an account becomes greater than 70 days past due. Repossession may occur earlier if management determines the customer is unwilling to pay, the vehicle is in danger of being damaged or hidden, or the customer voluntarily surrenders the vehicle. Approved third-party repossession vendors handle the repossession activity. After repossession, the customer is given a period of time to redeem or reinstate the vehicle by paying off the account or bringing the account current, respectively. If the vehicle is not redeemed or reinstated, it is sold at auction. If the proceeds do not cover the unpaid balance, including unpaid earned finance charges and allowable expenses, the resulting deficiency is charged off. Asset recovery centers pursue collections on accounts that have been charged off, including those accounts where the

vehicle was repossessed, and skip accounts where the vehicle cannot be located.
At December 31, 2014 and 2013, our total consumer automotive serviced portfolio was $81.3 billion and $77.7 billion, respectively, compared to our consumer automotive on-balance sheet portfolio of $77.6 billion and $74.1 billion. Refer to Note 11 to the Consolidated Financial Statements for further information regarding servicing activities.
Remarketing and Sales of Leased Vehicles
When we acquire a consumer lease, we assume ownership of the vehicle from the dealer. Neither the consumer nor the dealer is responsible for the value of the vehicle at the time of lease termination. When vehicles are not purchased by customers or the receiving dealer at scheduled lease termination, the vehicle is returned to us for remarketing. We generally bear the risk of loss to the extent the value of a leased vehicle upon remarketing is below the expected residual value determined at the time the lease contract is signed. Our ability to efficiently process and effectively market off-lease vehicles affects the disposal costs and the proceeds realized from vehicle sales. Our methods of vehicle sales in the United States at lease termination primarily include the following:

- Sale to dealer — After the lessee declines an option to purchase the off-lease vehicle, the dealer who accepts the returned off-lease vehicle has the opportunity to purchase the vehicle directly from us at a price we define.
- Internet auctions — Once the lessee and dealer decline their options to purchase, we offer off-lease vehicles to dealers and certain other third parties in the United States through our proprietary internet site (SmartAuction). This internet sales program maximizes the net sales proceeds from off-lease vehicles by reducing the time between vehicle return and ultimate disposition, reducing

holding costs, and broadening the number of prospective buyers. We maintain the internet auction site, set the pricing floors on vehicles, and administer the auction process. We earn a service fee for every vehicle sold through SmartAuction, which, in 2014, was approximately 373,000 vehicles.

- Physical auctions — We dispose of our off-lease vehicles not purchased at termination by the lease consumer or dealer or sold on an internet auction through traditional official manufacturer-sponsored auctions. We are responsible for handling decisions at the auction including arranging for inspections, authorizing repairs and reconditioning, and determining whether bids received at auction should be accepted.

Commercial Automotive Financing

Automotive Wholesale Dealer Financing

One of the most important aspects of our dealer relationships is supporting the sale of vehicles through wholesale or floorplan financing. We primarily support automotive finance purchases by dealers of new and used vehicles manufactured or distributed before sale or lease to the retail customer. Wholesale automotive financing represents the largest portion of our commercial financing business and is the primary source of funding for dealers' purchases of new and used vehicles.

Wholesale credit is arranged through lines of credit extended to individual dealers. Wholesale floorplan loans are secured by the vehicles financed (and all other vehicle inventory), which provide strong collateral protection in the event of dealership default. Additional collateral (e.g., blanket lien over all dealership assets) and/or other credit enhancements (e.g., personal guarantees from dealership owners) are oftentimes obtained to further manage credit risk. Furthermore, Ally benefits from automotive manufacturer repurchase arrangements, which serve as an additional layer of protection in the event of repossession of dealership inventory and/or dealership franchise termination. The amount we advance to dealers is equal to 100% of the wholesale invoice price of new vehicles, which includes destination and other miscellaneous charges, and a price rebate, known as a holdback, from the manufacturer to the dealer in varying amounts stated as a percentage of the invoice price. Interest on wholesale automotive financing is generally payable monthly. Most wholesale automotive financing is structured to yield interest at a floating rate indexed to London interbank offer rate (LIBOR) or the Prime Rate. The rate for a particular dealer is based on, among other things, competitive factors, the size of the account, and the dealer’s creditworthiness. Additionally, we make incentive payments to certain commercial automotive wholesale borrowers under our Ally Dealer Rewards Program and account for these payments as a reduction to interest income in the period they are earned.

Under the terms of the credit agreement with the dealer, we may demand payment of interest and principal on wholesale credit lines at any time; however, unless we terminate the credit line or the dealer defaults or the risk and exposure warrant, we generally require payment of the principal amount financed for a vehicle upon its sale or lease by the dealer to the customer.

Total commercial wholesale revenue of our Automotive Finance operations was $860 million, $908 million, and $999 million for the years ended December 31, 2014, 2013, and 2012, respectively.

Commercial Wholesale Financing Volume

The following table summarizes 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		
Year ended December 31, ($ in millions)	2014	2013	2012	2014	2013	2012
GM new vehicles (a)	$16,736	$15,650	$15,331	64	67	71
Chrysler new vehicles (a)	7,658	6,885	6,693	45	50	58
Non-GM/Chrysler new vehicles	3,039	2,637	2,230			
Used vehicles	3,129	3,044	2,985			
Total commercial wholesale finance receivables	$30,562	$28,216	$27,239			

(a) Share of manufacturer franchise dealer inventory based on a 13-point average of dealer inventory.

Commercial wholesale financing average volume increased during 2014, compared to 2013. Wholesale penetration with GM and Chrysler decreased during 2014 compared to 2013, as a result of increased competition in the wholesale marketplace. The decrease in wholesale penetration during 2014 was more than offset by an increase in commercial wholesale financing average volume, primarily due to growing dealer inventories required to support increasing automotive industry sales, and increases in Non-GM/Chrysler volume.

Other Commercial Automotive Financing

We also provide other forms of commercial financing for the automotive industry including automotive dealer term loans and automotive fleet financing. Automotive dealer term loans are loans that we make to dealers to finance other aspects of the dealership business. These loans are usually secured by real estate and/or other dealership assets, and are typically personally guaranteed by the individual owners of the dealership. Automotive fleet financing credit lines may be obtained by dealers, their affiliates, and other independent companies that are used to purchase vehicles, which they lease or rent to others.

Servicing and Monitoring

We service all of the wholesale credit lines in our portfolio and the wholesale automotive finance receivables that we have securitized. A statement setting forth billing and account information is distributed on a monthly basis to each dealer. Interest and other non-principal charges are billed in arrears and are required to be paid immediately upon receipt of the monthly billing statement. Generally, dealers remit payments to us through wire transfer transactions initiated by the dealer through a secure web application.

Dealers are assigned a risk rating based on various factors, including capital sufficiency, operating performance, and credit and payment history. The risk rating affects the amount of the line of credit and the ongoing risk management of the account. We monitor the level of borrowing under each dealer's credit line daily. We may adjust the dealer's credit line if warranted, based on the dealership's vehicle sales rate, and temporarily suspend the granting of additional credit, or take other actions following evaluation and analysis of the dealer's financial condition.

We periodically inspect and verify the existence of dealer vehicle inventories. The timing of these collateral audits varies, and no advance notice is given to the dealer. Among other things, audits are intended to assess dealer compliance with the financing agreement and confirm the status of our collateral.

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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Insurance premiums and other income					
Insurance premiums and service revenue earned	$979	$1,012	$1,055	(3)	(4)
Investment income, net (a)	194	227	124	(15)	83
Other income	12	14	35	(14)	(60)
Total insurance premiums and other income	1,185	1,253	1,214	(5)	3
Expense					
Insurance losses and loss adjustment expenses	410	405	454	(1)	11
Acquisition and underwriting expense					
Compensation and benefits expense	63	62	61	(2)	(2)
Insurance commissions expense	374	370	382	(1)	3
Other expenses	141	162	157	13	(3)
Total acquisition and underwriting expense	578	594	600	3	1
Total expense	988	999	1,054	1	5
Income from continuing operations before income tax expense (benefit)	$197	$254	$160	(22)	59
Total assets	$7,190	$7,124	$8,439	1	(16)
Insurance premiums and service revenue written	$1,023	$997	$1,061	3	(6)
Combined ratio (b)	100.2 %	98.0 %	98.3 %		

(a) Includes gain on investments of $143 million, $177 million, and $77 million for the years ended December 31, 2014, 2013, and 2012, respectively; and interest expense of $54 million, $64 million, and $79 million for the years ended December 31, 2014, 2013, and 2012, 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.

2014 Compared to 2013

Our Insurance operations earned income from continuing operations before income tax expense of $197 million for the year ended December 31, 2014, compared to $254 million for the year ended December 31, 2013. The decrease was primarily due to higher weather-related losses, lower earned revenue, and lower realized investment gains, partially offset by lower non-weather losses.

Insurance premiums and service revenue earned was $979 million for the year ended December 31, 2014, compared to $1.0 billion in 2013. The decrease was primarily due to the wind-down of our Canadian personal lines portfolio.

Net investment income totaled $194 million for the year ended December 31, 2014, compared to $227 million in 2013. The decrease was primarily due to lower realized investment gains as well as interest and dividend income, offset by lower other-than-temporary impairments, which totaled $14 million in 2014 as compared to $20 million in 2013.

Insurance losses and loss adjustment expenses totaled $410 million for the year ended December 31, 2014, compared to $405 million for the year ended December 31, 2013. The increase was primarily due to higher weather-related losses from severe hailstorms, particularly in the second quarter of 2014, partially offset by lower non-weather-related losses driven by the wind-down of the Canadian personal lines portfolio and lower loss experience of VSC products. Higher weather losses primarily drove the increase in the combined ratio to 100.2% for the year ended December 31, 2014, compared to 98.0% for the year ended December 31, 2013.

2013 Compared to 2012

Our Insurance operations earned income from continuing operations before income tax expense of $254 million for the year ended December 31, 2013, compared to $160 million for the year ended December 31, 2012 The increase was primarily attributable to higher realized investment gains partially offset by a reduction in insurance premiums and service revenue earned.

Insurance premiums and service revenue earned was $1.0 billion for the year ended December 31, 2013, compared to $1.1 billion in 2012. The decrease was primarily due to declining U.S. VSCs written in prior years when the automotive market was depressed.

Investment income totaled $227 million for the year ended December 31, 2013, compared to $124 million in 2012. The increase was primarily due to higher realized investment gains and lower recognition of other-than-temporary impairment on certain equity securities of $20 million in 2013 as compared to $61 million in 2012.

Other income totaled $14 million for the year ended December 31, 2013, compared to $35 million in 2012. The decrease was primarily due to a 2012 gain of $8 million on the sale of our Canadian personal lines business.

Insurance losses and loss adjustment expenses totaled $405 million for the year ended December 31, 2013, compared to $454 million for the year ended December 31, 2012. The decrease was due to the wind-down of the Canadian personal lines portfolio and lower losses in line with earned premium.

Premium and Service Revenue Written

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

Year ended December 31, ($ in millions)	2014	2013	2012
Vehicle service contracts			
New retail	$422	$421	$406
Used retail	509	509	509
Reinsurance	(152)	(143)	(119)
Total vehicle service contracts	779	787	796
Wholesale	186	157	132
Other finance and insurance (a)	58	53	133
Total	$1,023	$997	$1,061

(a) Other finance and insurance includes GAP coverage, excess wear and tear, wind-down of Canadian personal lines, and other ancillary products.

Insurance premiums and service revenue written was $1.0 billion for the year ended December 31, 2014, compared to $997 million in 2013. The increase in Insurance premiums and service revenue written primarily resulted from higher wholesale premium, partially offset by higher vehicle service reinsurance participation. VSC revenue is earned over the life of the service contract on a basis proportionate to the anticipated cost pattern. Accordingly, the majority of earnings from VSCs written during 2014 will be recognized as income in future periods.

Insurance premiums and service revenue written was $997 million for the year ended December 31, 2013, compared to $1.1 billion in 2012. Insurance premiums and service revenue written decreased due to the wind-down of the Canadian personal lines business. Excluding Canadian Personal Lines, written premium for the year ended December 31, 2013 decreased by $6 million as compared to 2012 due to a decrease in VSCs as a result of increased reinsurance participation, which was in line with market trends, partially offset by an increase in wholesale due to higher dealer inventory levels.

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.

December 31, ($ in millions)	2014	2013
Cash		
Noninterest-bearing cash	$239	$166
Interest-bearing cash	1,289	810
Total cash	1,528	976
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	392	568
U.S. States and political subdivisions	406	315
Foreign government	232	288
Mortgage-backed	1,097	1,102
Asset-backed	6	37
Corporate debt	746	1,069
Total debt securities	2,879	3,379
Equity securities	906	940
Total available-for-sale securities	3,785	4,319
Total cash and securities	$5,313	$5,295

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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Net financing revenue					
Total financing revenue and other interest income	$282	$378	$617	(25)	(39)
Interest expense	239	302	468	21	35
Net financing revenue	43	76	149	(43)	(49)
Servicing fees	—	68	300	(100)	(77)
Servicing asset valuation and hedge activities, net	—	(213)	(4)	(100)	n/m
Total servicing (loss) income, net	—	(145)	296	(100)	(149)
Gain on mortgage loans, net	6	55	375	(89)	(85)
Other income, net of losses	11	90	488	(88)	(82)
Total other revenue	17	—	1,159	n/m	(100)
Total net revenue	60	76	1,308	(21)	(94)
Provision for loan losses	(69)	13	86	n/m	85
Noninterest expense					
Compensation and benefits expense	11	39	96	72	59
Representation and warranty expense	(10)	104	171	110	39
Other operating expenses	66	178	360	63	51
Total noninterest expense	67	321	627	79	49
Income (loss) from continuing operations before income tax expense (benefit)	$62	$(258)	$595	124	(143)
Total assets	$7,884	$8,168	$14,744	(3)	(45)

n/m = not meaningful

2014 Compared to 2013

Our Mortgage operations earned income from continuing operations before income tax expense of $62 million for the year ended December 31, 2014, compared to incurring a loss of $258 million for the year ended December 31, 2013. Favorability during 2014 was primarily the result of lower noninterest expense driven by our exit in 2013 of all non-strategic mortgage-related activities, including consumer mortgage-lending production associated with government-sponsored refinancing programs, and our agency MSRs portfolio, as well as lower provision for loan losses. In addition, results for 2013 were unfavorably impacted by the valuation of our MSRs portfolio, which was sold during the second quarter of 2013.

Net financing revenue was $43 million for the year ended December 31, 2014, compared to $76 million in 2013. The decrease in net financing revenue was primarily due to the wind-down of our legacy consumer held-for-sale portfolio and lower asset levels in our held-for-investment portfolio, partially offset by lower interest expense as a result of lower funding costs.

We earned no net servicing income for the year ended December 31, 2014, compared to incurring a net servicing loss of $145 million in 2013, primarily due to the completed sales of our agency MSRs portfolio during the second quarter of 2013.

The net gain on mortgage loans decreased $49 million for the year ended December 31, 2014, compared to 2013. The decrease was primarily related to our 2013 decision to cease mortgage-lending production through our direct lending channel. The decrease was partially offset by the completed sale of a $40 million student lending portfolio during the second quarter of 2014.

Other income, net of losses, was $11 million for the year ended December 31, 2014, compared to $90 million in 2013. The decrease was primarily due to lower fee income and net origination revenue related to our exit from consumer mortgage-lending production.

The provision for loan losses decreased $82 million for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to lower reserve requirements as a result of the continued runoff of legacy mortgage assets, lower net charge-offs in 2014, and improvements in home prices.

Total noninterest expense decreased 79% for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to our 2013 exit of all non-strategic mortgage-related activities. Included in the decrease were lower broker fees from consumer mortgage-lending production associated with government-sponsored refinancing programs, lower compensation and benefits expense as a result of a reduction in the number of employees in our Mortgage operations, and lower representation and warranty expense resulting from decreased repurchase risk associated with the sale of our agency MSRs portfolio.

2013 Compared to 2012

Our Mortgage operations incurred a loss from continuing operations before income tax expense of $258 million for the year ended December 31, 2013, compared to income from continuing operations before income tax expense of $595 million for the year ended December 31, 2012. The decrease was primarily related to our exit of all non-strategic mortgage-related activities, including consumer mortgage-lending production associated with government-sponsored refinancing programs, our warehouse lending operations, and our agency MSRs portfolio during 2013.

Net financing revenue was $76 million for the year ended December 31, 2013, compared to $149 million in 2012. The decrease in net financing revenue was primarily due to lower production as a result of the wind-down of our consumer held-for-sale portfolio, run-off of our held-for-investment portfolio, and the shutdown of our warehouse lending operations. The decrease was partially offset by lower interest expense as a result of lower funding costs.

We incurred a net servicing loss of $145 million for the year ended December 31, 2013, compared to net servicing income of $296 million in 2012. The decrease was primarily due to the completed sales of our agency MSRs portfolio in the second quarter of 2013, including the valuation of the portfolio in conjunction with the sale and the unwinding of all related derivative activity.

The net gain on mortgage loans decreased $320 million for the year ended December 31, 2013, compared to 2012. The decrease was primarily due to our decision to cease mortgage-lending production through our direct lending channel and lower margins associated with government-sponsored refinancing programs.

Other income, net of losses, was $90 million for the year ended December 31, 2013, compared to $488 million in 2012. The decrease was primarily due to lower fee income and net origination revenue related to decreased consumer mortgage-lending production associated with government-sponsored refinancing programs.

The provision for loan losses was $13 million for the year ended December 31, 2013, compared to $86 million in 2012. The decrease for the year ended December 31, 2013, was primarily due to lower net charge-offs in 2013 due to the continued runoff of legacy mortgage assets and improvements in home prices.

Total noninterest expense decreased 49% for the year ended December 31, 2013, compared to 2012. The decrease was primarily due to our decision to cease consumer mortgage-lending production through our direct lending channel and the broker fee associated with those government-sponsored refinancing programs, and lower representation and warranty expense. Lower representation and warranty expense was primarily due to the establishment of our representation and warranty liability during the second quarter of 2012 resulting from the deconsolidation of ResCap and the subsequent sale of the MSRs portfolio in 2013.

Mortgage Loan Production and Servicing

Mortgage loan production was $6.8 billion and $32.4 billion for the years ended December 31, 2013 and 2012, respectively. During 2013, we sold our business lending operations, completed the sales of agency MSRs, and exited the correspondent and direct lending channels. During 2014, we purchased $857 million of of high-quality jumbo mortgage loans originated by third parties. We expect this activity to continue in 2015 in support of our treasury asset liability management (ALM) activities and diversification.

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.

Year ended December 31, ($ in millions)	2014	2013	2012	Favorable/ (unfavorable) 2014-2013 % change	Favorable/ (unfavorable) 2013-2012 % change
Net financing loss					
Total financing revenue and other interest income	$361	$298	$157	21	90
Interest expense					
Original issue discount amortization	189	262	349	28	25
Other interest expense	217	549	957	60	43
Total interest expense	406	811	1,306	50	38
Net financing loss (a)	(45)	(513)	(1,149)	91	55
Other (expense) revenue					
Loss on extinguishment of debt	(202)	(59)	(148)	n/m	60
Other gain on investments, net	38	3	69	n/m	(96)
Other income, net of losses	30	76	22	(61)	n/m
Total other (expense) revenue	(134)	20	(57)	n/m	135
Total net loss	(179)	(493)	(1,206)	64	59
Provision for loan losses	(16)	(6)	(10)	n/m	(40)
Total noninterest expense (b)	375	423	434	11	3
Loss from continuing operations before income tax (benefit) expense	$(538)	$(910)	$(1,630)	41	44
Total assets	$23,566	$26,563	$30,753	(11)	(14)

n/m = not meaningful

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

(b) Includes a reduction of $685 million, $739 million, and $814 million for the years ended December 31, 2014, 2013, and 2012, 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.

The following table summarizes the components of net financing losses for Corporate and Other.

At and for the year ended December 31, ($ in millions)	2014	2013	2012
Original issue discount amortization (a)	$(189)	$(262)	$(349)
Net impact of the funds transfer pricing methodology	68	(308)	(859)
Other (including Corporate Finance net financing revenue)	76	57	59
Total net financing loss for Corporate and Other	$(45)	$(513)	$(1,149)
Outstanding original issue discount balance	$1,415	$1,589	$1,840

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

The following table presents the scheduled remaining amortization of the original issue discount at December 31, 2014.

Year ended December 31, ($ in millions)	2015	2016	2017	2018	2019	2020 and thereafter (a)	Total
Original issue discount							
Outstanding balance	$1,357	$1,288	$1,208	$1,115	$1,083	$—	
Total amortization (b)	58	69	80	93	32	1,083	$1,415

(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 Consolidated Statement of Income.

2014 Compared to 2013

Loss from continuing operations before income tax expense for Corporate and Other was $538 million for the year ended December 31, 2014, compared to $910 million for the year ended December 31, 2013. The improvement in the loss from continuing operations before income tax expense for the year ended December 31, 2014 was primarily due to lower funding costs as a result of maturity and repayment of high-cost debt, decreases in OID amortization expense related to bond maturities and normal monthly amortization, higher investment income, and decreases in noninterest expense. Noninterest expense decreased primarily as a result of the overall streamlining of the company and increased operating efficiencies due in part to headcount reductions in centralized support functions. This improvement was partially offset by an increase in loss on extinguishment of debt related to a tender offer to buy back $750 million of our long-dated high-coupon debt in 2014 and a decrease in other income related to unfavorable derivative activity as a result of changes in rates and their impact on economic hedge positions.

Corporate and Other also includes the results of Corporate Finance. Corporate Finance earned income from continuing operations before income tax expense of $71 million for the year ended December 31, 2014, compared to $50 million for the year ended December 31, 2013. The increase was primarily due to higher net financing revenue primarily resulting from asset growth in the core business, as well as recoveries from previously charged-off exposures.

2013 Compared to 2012

Loss from continuing operations before income tax expense for Corporate and Other was $910 million for the year ended December 31, 2013, compared to $1.6 billion for the year ended December 31, 2012. Corporate and Other’s loss from continuing operations before income tax expense was driven by net financing losses, which primarily represents OID amortization expense and the net impact of our FTP methodology, which includes the unallocated cost of maintaining our liquidity and investment portfolios.

The improvement in the loss from continuing operations before income tax expense for the year ended December 31, 2013 was primarily due to a decrease in interest expense of $495 million, which was primarily driven by OID amortization expense related to bond maturities and normal monthly amortization; lower funding costs as a result of early repayments of debt, including certain Federal Home Loan Bank debt during the fourth quarter of 2012; and increases in derivative gains. The improvement was partially offset by a decrease in other gain on investments as a result of fewer sales of investments during the year ended December 31, 2013.

Corporate and Other also includes the results of Corporate Finance. Corporate Finance earned income from continuing operations before income tax expense of $50 million for the year ended December 31, 2013, compared to $48 million for the year ended December 31, 2012.

Cash and Securities

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

December 31, ($ in millions)	2014	2013
Cash		
Noninterest-bearing cash	$1,083	$1,123
Interest-bearing cash	2,933	3,396
Total cash	4,016	4,519
Available-for-sale securities		
Debt securities		
U.S. Treasury and federal agencies	786	859
Mortgage-backed	9,581	9,718
Asset-backed	1,985	2,183
Total debt securities	12,352	12,760
Equity securities	—	4
Total available-for-sale securities	12,352	12,764
Total cash and securities	$16,368	$17,283

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.

- Credit risk — The risk of loss arising from an obligor not meeting its contractual obligations to our firm.
- Lease Residual risk — The risk of loss arising from the possibility that the actual proceeds realized upon the sale of returned vehicles will be lower than the projection of the values used in establishing the pricing at lease inception.
- Market risk — The risk of loss arising from changes in the fair value of our assets or liabilities (including derivatives) caused by movements in market variables, such as interest rates, foreign-exchange rates, and equity and commodity prices.
- Operational risk — The risk of loss or harm arising from inadequate or failed processes or systems, human factors, or external events.
- Insurance/Underwriting risk — The risk of loss associated with insured events occurring, the severity of insured events, and the timing of claim payments arising from insured events.
- Liquidity risk — The risk that our financial condition or overall safety and soundness is adversely affected by an inability, or perceived inability, to meet our financial obligations, and to withstand unforeseen liquidity stress events (refer to discussion at Liquidity Management, Funding, and Regulatory Capital within this MD&A).

While risk oversight is ultimately the responsibility of the Board, our governance structure starts within each line of business, including committees established to oversee risk in their respective areas. The lines of business are responsible for executing on risk strategies, policies, and controls that are fundamentally sound and compliant with enterprise risk management policies and with applicable laws and regulations. The line of business risk committees, which report up to the Risk and Compliance Committee of the Board, monitor the performance within each portfolio and determine whether to amend any risk practices based upon portfolio trends.

In addition, the Enterprise Risk Management and Compliance organizations are accountable for independently identifying, monitoring, measuring, and reporting on our various risks, and they are responsible for designing an effective risk management framework and structure. They are also responsible for monitoring that our risks remain within the tolerances established by the Board, developing and maintaining policies, and implementing risk management methodologies.

All lines of business and enterprise functions are subject to full and unrestricted audits by Audit Services. Audit Services reports to the Audit Committee of the Board, and is primarily responsible for assisting the Audit Committee in fulfilling its governance and oversight responsibilities. Audit Services is granted free and unrestricted access to any and all of our records, physical properties, technologies, management, and employees.

In addition, our Loan Review Group provides an independent assessment of the quality of our credit risk portfolios and credit risk management practices, and all lines of business and corporate functions that create or influence credit risk are subject to full and unrestricted reviews by the Loan Review Group. This group also is granted free and unrestricted access to any and all of our records, physical properties, technologies, management, and employees and reports its findings directly to the Risk and Compliance Committee. The findings of this group help to strengthen our risk management practices and processes throughout the organization.

Loan and Lease Exposure

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

December 31, ($ in millions)	2014	2013
Finance receivables and loans		
Dealer Financial Services	$90,592	$90,220
Mortgage operations	7,474	8,444
Corporate and Other	1,882	1,664
Total finance receivables and loans	99,948	100,328
Loans held-for-sale		
Dealer Financial Services	$1,515	$—
Mortgage operations	452	16
Corporate and Other	36	19
Total loans held-for-sale	2,003	35
Total on-balance sheet loans	$101,951	$100,363
Off-balance sheet securitized loans		
Dealer Financial Services	$2,801	$899
Total off-balance sheet securitized loans	$2,801	$899
Operating lease assets		
Dealer Financial Services	$19,510	$17,680
Total operating lease assets	$19,510	$17,680
Serviced loans and leases		
Dealer Financial Services	$115,391	$111,589
Mortgage operations	7,926	8,333
Corporate and Other	1,347	1,498
Total serviced loans and leases	$124,664	$121,420

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.

- Finance receivables and loans — Loans that we have the intent and ability to hold for the foreseeable future or until maturity, or loans associated with an on-balance sheet securitization classified as secured financing. These loans are recorded at the principal amount outstanding, net of unearned income, premiums and discounts, and allowances. We manage the economic risks of these exposures, including credit risk, by adjusting underwriting standards and risk limits, augmenting our servicing and collection activities (including loan modifications and restructurings), and optimizing our product and geographic concentrations. Additionally, we have elected to account for certain mortgage loans at fair value. Changes in the fair value of these loans are recognized in a valuation allowance separate from the allowance for loan losses and were reflected in current period earnings. We use market-based instruments, such as derivatives, to hedge changes in the fair value of these loans.
- Loans held-for-sale — Loans that we do not have the intent and ability to hold for the foreseeable future or until maturity. These loans are recorded on our balance sheet at the lower of cost or estimated fair value and are evaluated by portfolio and product type. Changes in the recorded value are recognized in a valuation allowance and reflected in current period earnings. We manage the economic risks of these exposures, including market and credit risks, in various ways including the use of market-based instruments, such as derivatives.
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Off-balance sheet securitized loans — Loans that we transfer off-balance sheet to nonconsolidated variable interest entities. We primarily report this exposure as cash or retained interests (if applicable). Similar to finance receivables and loans, we manage the economic risks of these exposures, including credit risk, through activities including servicing and collections.

- Operating lease assets — The net book value of the automotive assets we lease includes the expected residual values upon remarketing the vehicles at the end of the lease. We are exposed to fluctuations in the expected residual value upon remarketing the vehicle at the end of the lease, and as such at contract inception, we determine the projected residual value based on an internal evaluation of the expected future value. This evaluation is based on a proprietary model, which includes variables such as age,

expected mileage, seasonality, segment factors, vehicle type, economic indicators, production cycle, automotive manufacturer incentives, and shifts in used vehicle supply. This internally-generated data is compared against third party, independent data for reasonableness. Periodically, we revise the projected value of the lease vehicle at termination based on current market conditions and adjust depreciation expense appropriately over the remaining life of the contract. At termination, our actual sales proceeds from remarketing the vehicle may be higher or lower than the estimated residual value resulting in a gain or loss on remarketing recorded through depreciation expense. The balance sheet reflects both the lease asset as well as any associated rent receivables. The lease rent receivable is a component of other assets. A valuation allowance representing the uncollectible portion of the lease rent receivable is recorded directly against this receivable. The lease asset is reviewed for impairment in accordance with applicable accounting standards.

- Serviced loans and leases — Loans that we service on behalf of our customers or another financial institution. As such, these loans can be on or off our balance sheet. For our serviced consumer automotive loans, we do not recognize servicing assets or liabilities because we receive a fee that adequately compensates us for the servicing costs.

Refer to Critical Accounting Estimates within this MD&A and Note 1 to the Consolidated Financial Statements for further information.

Credit Risk Management

Credit risk is defined as the potential failure to receive payments when 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 Enterprise Risk Management organization. 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, as well as stress testing and the assessment of the adequacy of internal credit risk policies and procedures to monitor compliance with relevant laws and regulations. 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 8 to the 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 22 to the Consolidated Financial Statements.

During 2014, the U.S. economy continued to expand. The labor market recovered further during the year, with nonfarm payrolls increasing by 2.95 million and the annual unemployment rate falling to 5.6%. Within the U.S. automotive market, new light vehicle sales continued to increase, to 16.4 million for the year ended December 31, 2014. 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 in 2015.

On-balance Sheet Portfolio

Our on-balance sheet portfolio includes both finance receivables and loans and loans held-for-sale. At December 31, 2014, this primarily included $92.1 billion of automotive finance receivables and loans and $7.9 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 Consolidated Statement of Income. During 2013, we sold our mortgage business lending operations, completed the sales of agency MSRs, and exited the correspondent and direct lending channels. Our ongoing Mortgage operations are limited to the management of our held-for-investment and held-for-sale mortgage loan portfolios. We executed bulk purchases of high-quality jumbo mortgage loans originated by third parties during 2014, and expect to continue this activity in 2015 in support of our treasury ALM activities and diversification.

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)	
December 31, ($ in millions)	2014	2013	2014	2013	2014	2013
Consumer						
Finance receivables and loans						
Loans at historical cost	$64,043	$64,860	$563	$521	$—	$1
Loans at fair value	1	1	—	—	—	—
Total finance receivables and loans	64,044	64,861	563	521	—	1
Loans held-for-sale	1,967	16	8	9	—	—
Total consumer loans (c)	66,011	64,877	571	530	—	1
Commercial						
Finance receivables and loans at historical cost	35,904	35,467	82	204	—	—
Loans held-for-sale	36	19	—	—	—	—
Total commercial loans	35,940	35,486	82	204	—	—
Total on-balance sheet loans	$101,951	$100,363	$653	$734	$—	$1

(a) Includes nonaccrual troubled debt restructured loans (TDRs) of $281 million and $312 million at December 31, 2014, and December 31, 2013, respectively.

(b) Generally, loans that are 90 days past due and still accruing represent loans with government guarantees. There were no troubled debt restructured loans classified as 90 days past due and still accruing at December 31, 2014 and December 31, 2013.

(c) Includes outstanding CSG loans of $5.2 billion and $4.7 billion at December 31, 2014, and December 31, 2013, respectively, and RV loans of $1.2 billion and $893 million at December 31, 2014, and December 31, 2013, respectively.

Total on-balance sheet loans outstanding at December 31, 2014, increased $1.6 billion to $102.0 billion from December 31, 2013, reflecting an increase of $1.1 billion in the consumer portfolio and an increase of $454 million in the commercial portfolio. The increase in consumer on-balance sheet loans was primarily driven by strong automotive originations, which outpaced portfolio runoff. This increase was partially offset by two off-balance sheet securitizations totaling $2.6 billion. The increase in commercial on-balance sheet loans outstanding was primarily due to an increase in automotive dealership real estate term loans.

Total TDRs outstanding, originated as held-for-investment, at December 31, 2014, decreased $157 million to $1.1 billion from December 31, 2013, primarily due to the continued runoff of legacy mortgage assets. Refer to Note 8 to the Consolidated Financial Statements for additional information.

Total nonperforming loans at December 31, 2014, decreased $81 million to $653 million from December 31, 2013, reflected by a decrease of $122 million of commercial nonperforming loans and an increase of $41 million of consumer nonperforming loans. The decrease in total nonperforming loans from December 31, 2013, was driven, in part, by the successful rehabilitation of certain accounts within the commercial automotive portfolio. 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 for additional information.

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.

	Net charge-offs (recoveries)		Net charge-off ratios (a)	
Year ended December 31, ($ in millions)	2014	2013	2014	2013
Consumer				
Finance receivables and loans at historical cost	$544	$477	0.8 %	0.7 %
Commercial				
Finance receivables and loans at historical cost	(7)	(5)	—	—
Total finance receivables and loans at historical cost	$537	$472	0.5 %	0.5 %

(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 year for each loan category.

Net charge-offs were $537 million for the year ended December 31, 2014, compared to $472 million for the year ended December 31, 2013. The increase in the consumer portfolio during the year ended December 31, 2014 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. Loans held-for-sale are accounted for at the lower-of-cost or fair value and, therefore, we do not record charge-offs for these loans.

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

Our consumer portfolio primarily consists of automotive loans, first mortgages, and home equity loans. Loan losses in our consumer portfolio are influenced by general business and economic conditions including unemployment rates, bankruptcy filings, and home and used vehicle prices. Additionally, our consumer credit exposure is significantly concentrated in automotive lending, largely through GM and Chrysler dealerships; however, due to our continued strategic focus on diversification, the proportion of Non-GM/Chrysler new and used portfolios has continued to grow.

Credit risk management for the consumer portfolio begins with the initial underwriting and continues throughout a borrower's credit cycle. We manage consumer credit risk through our loan origination and underwriting policies, credit approval process, and servicing capabilities. We use proprietary credit-scoring models to differentiate the expected default rates of credit applicants enabling us to better evaluate credit applications for approval and to tailor the pricing and financing structure according to this assessment of credit risk. We regularly review the performance of the credit scoring models and update them for historical information and current trends. These and other actions mitigate but do not eliminate credit risk. Improper evaluations of a borrower's creditworthiness, fraud, and/or changes in the applicant's financial condition after approval could negatively affect the quality of our portfolio, resulting in loan losses.

Our servicing activities are another key factor in managing consumer credit risk. Servicing activities consist largely of collecting and processing customer payments, responding to customer inquiries such as requests for payoff quotes, and processing customer requests for account revisions (such as payment extensions and refinancings). Servicing activities are generally consistent across our operations; however, certain practices may be influenced by local laws and regulations.

During the year ended December 31, 2014, 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.

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)	
December 31, ($ in millions)	2014	2013	2014	2013	2014	2013
Consumer automotive (c) (d)	$56,570	$56,417	$386	$329	$—	$—
Consumer mortgage	7,473	8,443	177	192	—	1
Total consumer finance receivables and loans	$64,043	$64,860	$563	$521	$—	$1

(a) Includes nonaccrual troubled debt restructured loans of $216 million and $237 million at December 31, 2014, and December 31, 2013, respectively.

(b) There were no troubled debt restructured loans classified as 90 days past due and still accruing at both December 31, 2014 and December 31, 2013.

(c) Includes $35 million and $1 million of fair value adjustment for loans in hedge accounting relationships at December 31, 2014 and December 31, 2013, respectively. Refer to Note 22 to the Consolidated Financial Statements for additional information.

(d) Includes outstanding CSG loans of $5.0 billion and $4.7 billion at December 31, 2014, and December 31, 2013, respectively, and RV loans of $1.2 billion and $893 million at December 31, 2014, and December 31, 2013, respectively.

Total consumer outstanding finance receivables and loans decreased $817 million from December 31, 2013. The decrease in consumer mortgage finance receivables and loans was primarily related to the continued runoff of legacy mortgage assets and the transfer of loans to the held-for-sale portfolio, partially offset by bulk loan purchases. The increase in consumer automotive finance receivables and loans was largely offset by two off-balance sheet securitizations totaling $2.6 billion, as well as the transfer of loans to the held-for-sale portfolio totaling $1.5 billion. Refer to Note 8 to the Consolidated Financial Statements for additional information.

Total consumer nonperforming finance receivables and loans at December 31, 2014, increased $42 million to $563 million from December 31, 2013, reflecting an increase of $57 million of consumer automotive nonperforming finance receivables and loans and a decrease of $15 million of consumer mortgage nonperforming finance receivables and loans. Nonperforming consumer automotive finance receivables and loans increased primarily due to the change in our portfolio composition as we continued the execution of our underwriting strategy to expand our originations across a broad risk spectrum. Nonperforming consumer mortgage finance receivables decreased primarily due to the continued runoff of legacy mortgage assets. Refer to Note 8 to the Consolidated Financial Statements for additional information. Nonperforming consumer finance receivables and loans as a percentage of total outstanding consumer finance receivables and loans were 0.9% and 0.8% at December 31, 2014 and December 31, 2013, respectively.

Consumer automotive loans accruing and past due 30 days or more increased $218 million to $1.5 billion at December 31, 2014, compared to December 31, 2013, primarily due to the change in our portfolio composition as we continued the execution of our underwriting strategy to expand our originations across a broad risk spectrum.

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.

	Net charge-offs		Net charge-off ratios (a)	
Year ended December 31, ($ in millions)	2014	2013	2014	2013
Consumer automotive	$501	$402	0.9 %	0.7 %
Consumer mortgage	43	75	0.5	0.8
Total consumer finance receivables and loans	$544	$477	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 year for each loan category.

Our net charge-offs from total consumer automotive finance receivables and loans were $501 million for the year ended December 31, 2014, compared to $402 million for the year ended December 31, 2013. The increase 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, as well as portfolio growth and seasoning of these loans.

Our net charge-offs from total consumer mortgage receivables and loans were $43 million for the year ended December 31, 2014, compared to $75 million in 2013. The decrease was primarily driven by continued runoff of legacy mortgage assets.

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.

Year ended December 31, ($ in millions)	2014	2013
Consumer automotive	$29,619	$26,739
Consumer mortgage	—	6,804
Total consumer loan originations	$29,619	$33,543

Total automotive-originated loans increased $2.9 billion for the year ended December 31, 2014, compared to 2013. The increase was primarily due to increased used, new Non-GM/Chrysler, and new GM vehicle originations. Total mortgage-originated loans decreased $6.8 billion for the year ended December 31, 2014, as a result of our strategic exit from the direct lending channel and our decision in 2013 to exit the correspondent lending channel and cease production of any new jumbo mortgage loans at that time.

Consumer loan originations retained on-balance sheet as held-for-investment were $29.6 billion at December 31, 2014, compared to $27.5 billion at December 31, 2013. The increase was primarily due to increased used, new Non-GM/Chrysler, and new GM vehicle originations.

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 $56.6 billion and $56.4 billion at December 31, 2014, and December 31, 2013, respectively. Total mortgage and home equity loans were $7.5 billion and $8.4 billion at December 31, 2014, and December 31, 2013, respectively.

	2014 (a)				2013			
December 31,	Automotive		Mortgage		Automotive		Mortgage	
Texas	13.6	%	6.0	%	13.2	%	5.8	%
California	6.2		30.8		5.8		29.5	
Florida	7.3		3.7		7.0		3.6	
Pennsylvania	5.3		1.6		5.3		1.7	
Illinois	4.4		4.2		4.4		4.4	
Georgia	4.2		2.1		4.0		2.1	
Michigan	3.8		3.1		4.4		3.9	
New York	4.0		1.9		4.3		1.9	
Ohio	3.9		0.6		4.0		0.7	
North Carolina	3.5		1.9		3.4		1.9	
Other United States	43.8		44.1		44.2		44.5	
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 December 31, 2014.

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 21.8% and 21.1% of our total outstanding consumer finance receivables and loans at December 31, 2014, and December 31, 2013, respectively.

Concentrations in our mortgage portfolio are closely monitored given the volatility of the housing markets, 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 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.

Repossessed assets in our Automotive Finance operations at December 31, 2014, decreased $11 million to $90 million from December 31, 2013. Foreclosed mortgage assets at December 31, 2014, remained flat at $10 million from December 31, 2013.

Commercial Credit Portfolio

Our commercial portfolio consists primarily of automotive loans (wholesale floorplan, dealer term loans including real estate loans, and automotive fleet financing), and some commercial finance loans. Wholesale floorplan loans are secured by the vehicles financed (and all other vehicle inventory), which provide strong collateral protection in the

event of dealership default. Additional collateral (e.g., blanket lien over all dealership assets) and/or other credit enhancements (e.g., personal guarantees from dealership owners) are oftentimes obtained to further manage credit risk. Furthermore, we benefit from automotive manufacturer repurchase arrangements, which serve as an additional layer of protection in the event of repossession of dealership inventory and/or dealership franchise termination.
Within our commercial portfolio, we utilize an internal credit risk rating system that is fundamental to managing credit risk exposure consistently across various types of commercial borrowers and captures critical risk factors for each borrower. The ratings are used for many areas of credit risk management, including loan origination, portfolio risk monitoring, management reporting, and loan loss reserves analyses. Therefore, the rating system is critical to an effective and consistent credit risk management framework.

During the year ended December 31, 2014, the credit performance of the commercial portfolio remained strong, as nonperforming finance receivables and loans improved 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.

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)	
December 31, ($ in millions)	2014	2013	2014	2013	2014	2013
Commercial and industrial						
Automotive	$30,871	$30,948	$32	$116	$—	$—
Other (c)	1,882	1,664	46	74	—	—
Commercial real estate — Automotive	3,151	2,855	4	14	—	—
Total commercial finance receivables and loans	$35,904	$35,467	$82	$204	$—	$—

(a) Includes nonaccrual troubled-debt-restructured loans of $59 million and $75 million at December 31, 2014, and December 31, 2013, respectively.
(b) There were no troubled-debt-restructured loans classified as 90 days past due and still accruing at December 31, 2014 and December 31, 2013.
(c) Other commercial primarily includes senior secured commercial lending.

Total commercial finance receivables and loans outstanding increased $437 million to $35.9 billion at December 31, 2014, from December 31, 2013. The increase was primarily due to an increase in automotive dealership real estate term loans, as well as continued growth in the corporate finance portfolio in line with our business strategy.

Total commercial nonperforming finance receivables and loans were $82 million at December 31, 2014, reflecting a decrease of $122 million when compared to December 31, 2013. The decrease was primarily driven by the successful rehabilitation or liquidation of certain nonperforming accounts and fewer accounts deteriorating into nonperforming status within the commercial automotive portfolio. Nonperforming commercial finance receivables and loans as a percentage of total outstanding commercial finance receivables and loans were 0.2% and 0.6% at December 31, 2014 and December 31, 2013, respectively.

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.

	Net charge-offs (recoveries)		Net charge-off ratios (a)	
Year ended December 31, ($ in millions)	2014	2013	2014	2013
Commercial and industrial				
Automotive	$1	$—	—%	—%
Other	(8)	(7)	(0.4)	(0.3)
Commercial real estate — Automotive	—	2	—	0.1
Total commercial finance receivables and loans	$(7)	$(5)	—%	—%

(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 year for each loan category.

Our net charge-offs from commercial finance receivables and loans resulted in recoveries of $7 million for the year ended December 31, 2014, compared to recoveries of $5 million in 2013, primarily due to our continued efforts to resolve previously charged-off exposures.

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 $3.2 billion and $2.9 billion at December 31, 2014, and December 31, 2013, 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.

December 31,	2014		2013	
Texas	13.8	%	13.2	%
Florida	12.3		12.6	
Michigan	9.9		11.6	
California	9.0		9.2	
Virginia	4.1		3.8	
North Carolina	3.9		4.1	
New York	3.9		4.5	
Pennsylvania	3.8		3.3	
Georgia	3.7		3.1	
Illinois	2.7		2.5	
Other United States	32.9		32.1	
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.

December 31,	2014		2013	
Automotive	87.3	%	91.4	%
Health / Medical	3.5		1.6	
Electronics	2.9		3.4	
Other	6.3		3.6	
Total commercial criticized finance receivables and loans	100.0	%	100.0	%

Total criticized exposures increased $115 million to $2.2 billion at December 31, 2014 from December 31, 2013. The increase was primarily due to, and aligned with, the growth of the corporate finance portfolio.

Selected Loan Maturity and Sensitivity Data

The table below shows the commercial finance receivables and loans portfolio and the distribution between fixed and floating interest rates based on the stated terms of the commercial loan agreements. This portfolio is reported at carrying value before allowance for loan losses.

December 31, 2014 ($ in millions)	Within 1 year (a)	1-5 years	After 5 years	Total (b)
Commercial and industrial	$30,117	$2,300	$336	$32,753
Commercial real estate	77	1,803	1,271	3,151
Total commercial finance receivables and loans	$30,194	$4,103	$1,607	$35,904
Loans at fixed interest rates		$1,768	$1,200	
Loans at variable interest rates		2,335	407	
Total commercial finance receivables and loans		$4,103	$1,607	

(a) Includes loans (e.g., floorplan) with revolving terms.
(b) Loan maturities are based on the remaining maturities under contractual terms.

Allowance for Loan Losses

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

($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at January 1, 2014	$673	$389	$1,062	$146	$1,208
Charge-offs	(720)	(51)	(771)	(5)	(776)
Recoveries	219	8	227	12	239
Net charge-offs	(501)	(43)	(544)	7	(537)
Provision for loan losses	540	(69)	471	(14)	457
Other (a)	(27)	(125)	(152)	1	(151)
Allowance at December 31, 2014	$685	$152	$837	$140	$977
Allowance for loan losses to finance receivables and loans outstanding at December 31, 2014 (b)	1.2%	2.0%	1.3%	0.4%	1.0%
Net charge-offs to average finance receivables and loans outstanding at December 31, 2014 (b)	0.9%	0.5%	0.8%	—%	0.5%
Allowance for loan losses to total nonperforming finance receivables and loans at December 31, 2014 (b)	177.3%	86.3%	148.7%	169.9%	151.5%
Ratio of allowance for loans losses to net charge-offs at December 31, 2014	1.4	3.6	1.5	(19.8)	1.8

(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 December 31, 2014, declined $225 million compared to December 31, 2013. The decrease was primarily due to the transfer of consumer mortgage assets to held-for-sale as reflected within other, combined with lower reserve requirements within our Mortgage operations as a result of continued runoff of legacy mortgage assets. The decrease was partially offset by the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum, as well as growth in our consumer automotive portfolio.

The allowance for commercial loan losses declined $6 million at December 31, 2014, compared to December 31, 2013, primarily as a result of improved portfolio performance.

($ in millions)	Consumer automotive	Consumer mortgage	Total consumer	Commercial	Total
Allowance at January 1, 2013	$575	$452	$1,027	$143	$1,170
Charge-offs	(639)	(93)	(732)	(5)	(737)
Recoveries	237	18	255	10	265
Net charge-offs	(402)	(75)	(477)	5	(472)
Provision for loan losses	490	13	503	(2)	501
Other	10	(1)	9	—	9
Allowance at December 31, 2013	$673	$389	$1,062	$146	$1,208
Allowance for loan losses to finance receivables and loans outstanding at December 31, 2013 (a)	1.2%	4.6%	1.6%	0.4%	1.2%

Net charge-offs to average finance receivables and loans outstanding at December 31, 2013 (a)	0.7 %	0.8 %	0.7 %	— %	0.5 %
Allowance for loan losses to total nonperforming finance receivables and loans at December 31, 2013 (a)	204.4 %	203.1 %	203.9 %	71.6 %	166.6 %
Ratio of allowance for loans losses to net charge-offs at December 31, 2013	1.7	5.2	2.2	(27.1)	2.6

(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.

The allowance for consumer loan losses at December 31, 2013, increased $35 million compared to December 31, 2012. The increase was primarily due to increases in the allowance for consumer automotive assets due to the continued execution of our underwriting strategy to prudently expand our originations of consumer automotive assets across a broader credit spectrum, and the growth in our U.S. automotive consumer portfolio. The increase was partially offset by continued improved performance of mortgage assets.

The allowance for commercial loan losses increased $3 million at December 31, 2013, compared to December 31, 2012, primarily related to the higher automotive assets during 2013.

Allowance for Loan Losses by Type

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

December 31, ($ in millions)	2014 Allowance for loan losses	2014 Allowance as a % of loans outstanding	2014 Allowance as a % of total allowance for loan losses	2013 Allowance for loan losses	2013 Allowance as a % of loans outstanding	2013 Allowance as a % of total allowance for loan losses
Consumer						
Consumer automotive	$685	1.2 %	70.1 %	$673	1.2 %	55.7 %
Consumer mortgage	152	2.0	15.6	389	4.6	32.2
Total consumer loans	837	1.3	85.7	1,062	1.6	87.9
Commercial						
Commercial and industrial						
Automotive	65	0.2	6.7	67	0.2	5.6
Other	42	2.2	4.2	50	3.0	4.1
Commercial real estate — Automotive	33	1.0	3.4	29	1.0	2.4
Total commercial loans	140	0.4	14.3	146	0.4	12.1
Total allowance for loan losses	$977	1.0	100.0 %	$1,208	1.2	100.0 %

Provision for Loan Losses

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

Year ended December 31, ($ in millions)	2014	2013	2012
Consumer			
Consumer automotive	$540	$490	$257
Consumer mortgage	(69)	13	86
Total consumer loans	471	503	343
Commercial			
Commercial and industrial			
Automotive	(1)	11	(3)
Mortgage	—	—	(1)
Other	(16)	(6)	(10)
Commercial real estate — Automotive	3	(7)	—
Total commercial loans	(14)	(2)	(14)
Total provision for loan losses	$457	$501	$329

The provision for consumer loan losses decreased $32 million for the year ended December 31, 2014, compared to 2013. The decrease was primarily due to the continued runoff of legacy mortgage assets. The decrease was partially offset by the continued execution of our underwriting strategy to originate consumer automotive assets across a broad risk spectrum and growth in our consumer automotive portfolio.

The provision for commercial loan losses was a net credit of $14 million for the year ended December 31, 2014, compared to a net credit of $2 million in 2013. This decrease was largely driven by improved portfolio performance.

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 this MD&A.

- Priced residual value projections — At contract inception, we determine pricing based on the projected residual value based on an internal evaluation of the expected future value. This evaluation is based on a proprietary model, which includes variables such as

age, expected mileage, seasonality, segment factors, vehicle type, economic indicators, production cycle, automotive manufacturer incentives, and unanticipated shifts in used vehicle supply. This internally-generated data is compared against third party, independent data for reasonableness. Periodically, we revise the projected value of the lease vehicle at termination based on current market conditions and adjust depreciation expense appropriately over the remaining life of the contract. At termination, our actual sales proceeds from remarketing the vehicle may be higher or lower than the estimated residual value resulting in a gain or loss on remarketing recorded through depreciation expense. At contract inception, we determine pricing based on projected residual value.

- Remarketing abilities — Our ability to efficiently process and effectively market off-lease vehicles affects the disposal costs and the proceeds realized from vehicle sales. Vehicles can be remarketed through auction (internet and physical), sale to dealer, sale to lessee, and other methods. The results within these channels vary, with physical auction typically resulting in the lowest-priced outcome.
- Manufacturer vehicle and marketing programs — Automotive manufacturers influence lease residual results in the following ways:

  The brand image of automotive manufacturers and consumer demand for their products affect residual risk.

  Automotive manufacturer marketing programs may influence the used vehicle market for those vehicles through programs such as incentives on new vehicles, programs designed to encourage lessees to terminate their leases early in conjunction with the acquisition of a new vehicle (referred to as pull-ahead programs), and special rate used vehicle programs.
- Used vehicle market — We have exposure to changes in used vehicle prices. General economic conditions, used vehicle supply and demand, and new vehicle market prices heavily influence used vehicle prices.

Lease Vehicle Terminations and Remarketing

The following tables summarize 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.

Year ended December 31,	2014	2013	2012
Off-lease vehicles terminated (in units)	296,393	148,587	63,435
Average gain per vehicle ($ per unit)	$1,461	$2,237	$1,830
Method of vehicle sales			
Auction (internet and physical)	61 %	47 %	45 %
Sale to dealer, lessee, and other	39	53	55

The number of off-lease vehicles remarketed during 2014 nearly doubled as compared to 2013, reflecting growth in lease originations from 2010-2012 after curtailing lease originations in 2008-2009 as a result of the economic downturn. In 2015, we expect lease termination volumes to continue to remain near the levels experienced during 2014. However, actual termination volumes may vary in the future from forecasted volumes due to changes in new lease originations, term length mix changes, and automotive manufacturer lease pull-ahead programs.

Average gain per vehicle decreased in 2014, primarily due to adjustments to depreciation expense as a result of revisions to the projected value of the lease vehicle at termination based on current market conditions. This trend is expected to continue in the near term. For more information on our investment in operating leases, refer to Note 9 to the Consolidated Financial Statements.

Lease Portfolio Mix

We monitor the concentration of our outstanding operating leases. The following table presents the mix of leased vehicles by type.

Year ended December 31,	2014	2013
Car	40 %	43 %
Truck	13	11
Sport utility vehicle	47	46

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 22 to the 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.

Fair Value Sensitivity Analysis

The following table and subsequent discussion presents a fair value sensitivity analysis of our assets and liabilities using isolated hypothetical movements in specific market rates. The analysis assumes adverse instantaneous, parallel shifts in market-exchange rates, interest rate yield curves, and equity prices. Additionally, since only adverse fair value impacts are included, the natural offset between asset and liability rate sensitivities that arise within a diversified balance sheet, such as ours, is not considered.

December 31, ($ in millions)	2014	2013
Financial instruments exposed to changes in:		
Interest rates		
Estimated fair value	(a)	(a)
Effect of 10% adverse change in rates	(a)	(a)
Foreign-currency exchange rates		
Estimated fair value	$476	$588
Effect of 10% adverse change in rates	(24)	(23)
Equity prices		
Estimated fair value	$902	$938
Effect of 10% decrease in prices	(95)	(90)

(a) Refer to Net Financing Revenue Sensitivity Analysis for information on the interest rate sensitivity of our financial instruments.

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.

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 parallel shocks to the forward yield curve, nonparallel shocks to the forward yield curve, and stresses to certain term points on the yield curve in isolation to capture and monitor a number of risk types.

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

Year ended December 31, ($ in millions)	2014	2013
Parallel rate shifts		
-100 basis points	$78	$53
+100 basis points	(130)	(127)
+200 basis points	(215)	(176)

We remain moderately liability sensitive as our simulation models assume liabilities will initially re-price faster than assets. A material portion of the current interest rate exposure is driven by rate index floors on certain commercial loans that limit interest income increases until the related rate index rises above the level of the floor. In addition, we enter into 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 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.

The future re-pricing behavior of 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 re-pricing relationships to market interest rates. Our simulation models assume deposit interest expense increases significantly in rising rate environments. We believe our deposits may ultimately be less sensitive to interest rate changes, which will reduce our overall exposure to rising rates.

The adverse change in upward shock scenarios has increased slightly since December 31, 2013. The increase is driven by additional growth in variable-rate liabilities, particularly demand deposits. The positive impact of downward rate shocks is somewhat muted by the current low interest rate environment, which limits absolute declines in short-term rates in a shock scenario.

Operational Risk

We define operational risk as the risk of loss or harm arising from inadequate or failed processes or systems, human factors, or external events. Operational risk is an inherent risk element in each of our businesses and related support activities. Such risk can manifest in various ways, including errors, business interruptions, and inappropriate behavior of employees, and can potentially result in financial losses and other damage to us. We consider the following types of operational risk: business/strategic, model, reputation, compliance, legal, fraud, vendor management, and information technology, which includes the risk of cyber attacks.

To monitor and control such risk, we maintain a system of policies and a control framework designed to provide a sound and well-controlled operational environment. This framework employs practices and tools designed to maintain risk governance, risk and control assessment and testing, risk monitoring, and transparency through risk reporting mechanisms. The goal is to maintain operational risk at appropriate levels based on our financial strength, the characteristics of the businesses and the markets in which we operate, and the related competitive and regulatory environment.

Ally and other financial institutions continue to be the target of various cyber attacks, including malware and denial-of-service, as part of an effort to disrupt the operations of financial institutions or obtain confidential, proprietary, or other information. Cyber security and the continued development of our controls, processes, and systems to protect our networks, computers, and software remain an ongoing priority.

Notwithstanding these risk and control initiatives, we may incur losses attributable to operational risks from time to time, and there can be no assurance these losses will not be incurred in the future.

Insurance / Underwriting Risk

The underwriting of our VSCs and insurance policies includes an assessment of the risk to determine acceptability and categorization for appropriate pricing. The acceptability of a particular risk is based on expected losses, expenses and other factors specific to the product in question. With respect to VSCs, considerations include the quality of the vehicles produced, the price of replacement parts, repair labor rates, and new model introductions. Insurance risk also

includes event risk, which is synonymous with pure risk, hazard risk, or insurance risk, and presents no chance of gain, only of loss.

We mitigate losses by the active management of claim settlement activities using experienced claims personnel and the evaluation of current period reported claims. Losses for these events may be compared to prior claims experience, expected claims, or loss expenses from similar incidents to assess the reasonableness of incurred losses.

In accordance with industry and accounting practices and applicable insurance laws and regulatory requirements, we maintain reserves for reported losses, losses incurred but not reported, losses expected to be incurred in the future for contracts in force, and loss adjustment expenses. The estimated values of our prior reported loss reserves and changes to the estimated values are routinely monitored by credentialed actuaries. Our reserve estimates are regularly reviewed by management; however, since the reserves are based on estimates and numerous assumptions, the ultimate liability may differ from the amount estimated.

Liquidity Management, Funding, and Regulatory Capital

Overview

The purpose of liquidity management is to ensure Ally's 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).

Ally defines 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 Ally's liquidity, funding strategies and plans, contingency funding plans, and counterparty credit exposure arising from financial transactions. Corporate Treasury is responsible for managing Ally's 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 December 31, 2014, we maintained $8.8 billion of total available parent company liquidity and $7.8 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 December 31, 2014, $625 million was outstanding under the intercompany loan agreement. Amounts outstanding are repayable to the parent company upon demand, subject to a five day notice period. As a result, this amount is included in the parent company available liquidity and excluded from the available liquidity at Ally Bank.

Regulatory Developments

In December 2010, the Basel Committee on Banking Supervision (Basel Committee) issued "Basel III: International framework for liquidity risk measurement, standards and monitoring," which included two minimum liquidity risk standards. The first standard is the Liquidity Coverage Ratio (LCR). The LCR measures the ratio of unencumbered, high-quality liquid assets to liquidity needs for a 30 calendar-day time horizon under a severe liquidity stress scenario

specified by supervisors. The second standard is the Net Stable Funding Ratio (NSFR). The NSFR is structured to ensure that long term assets are funded with at least a minimum amount of stable liabilities in relation to their liquidity risk profiles.

In September 2014, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve (FRB), and the Federal Deposit Insurance Corporation (FDIC) approved a final rule titled "Liquidity Coverage Ratio: Liquidity Risk Measurement Standards." The LCR is the U.S. implementation of the LCR standard established by the Basel Committee. The LCR generally measures liquidity by the ratio of a bank’s unencumbered high-quality assets to its total net cash outflows over a 30 calendar-day time horizon under a standardized liquidity stress scenario specified by supervisors. The LCR applies to banking organizations with total consolidated assets of $250 billion or more or total consolidated on-balance sheet foreign exposures of $10 billion or more, and their subsidiary depository institutions with $10 billion or more of total consolidated assets.

A simpler, less stringent U.S. LCR requirement (Modified LCR) applies to depository institution holding companies with $50 billion or more in total consolidated assets that are not covered by the LCR. The Modified LCR requires depository institution holding companies to calculate their Modified LCR on a monthly basis beginning January 1, 2016, subject to a transition period (phased-in implementation with a minimum ratio of 90% in 2016 and 100% in 2017 and beyond). Because Ally’s total assets are less than $250 billion but greater than $50 billion, and because it has immaterial foreign exposure, Ally is expected to be subject to the requirements of the Modified LCR.

In October 2014, the Basel Committee issued the final standard for the NSFR. The Basel Committee has targeted a 2018 effectiveness date for the NSFR. The U.S. regulatory agencies have not yet proposed their NSFR implementation requirements. We will continue to monitor the potential impacts of the Modified LCR and anticipated NSFR, and expect to meet the final requirements of each.

In October 2014, U.S. regulatory agencies adopted risk retention rules that require sponsors of asset-backed securitizations, such as Ally, to retain not less than five percent of the credit risk of the assets collateralizing asset-backed securitizations. Ally Bank has complied with the FDIC's Safe Harbor Rule requiring it to retain five percent risk retention in retail automotive loan and lease securitizations. Ally intends to comply with the new risk retention rules for automotive asset-backed securitizations, which become effective on December 24, 2016.

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 capital market based unsecured debt, unsecured retail term notes, public and private asset-backed securitizations, committed credit facilities, brokered deposits, and retail deposits. We also supplement these 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 have been focused on optimizing our funding sources, in particular at Ally Bank by growing retail deposits, expanding public and private securitization programs, maintaining a prudent maturity profile of our brokered deposit portfolio, utilizing repurchase agreements, and continuing to access funds from the Federal Home Loan Banks.

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 December 31, 2014, Ally Bank had $57.9 billion of total external deposits, including $48.0 billion of retail deposits.

At December 31, 2014, Ally Bank maintained cash liquidity of $2.3 billion and unencumbered highly liquid U.S. federal government and U.S. agency securities of $5.8 billion. In addition, at December 31, 2014, Ally Bank had unused capacity in committed secured funding facilities of $250 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 $7.8 billion at December 31, 2014, excluding the intercompany loan of $625 million.

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. Effective May 1, 2014, assets of $1.5 billion from our Corporate Finance operations were contributed

to Ally Bank, allowing this business to have a more competitive source of funding. Retail deposit growth is a key driver of further reductions to funding costs and capital markets reliance. 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 product offerings consist of a variety of products including 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. During 2014, the deposit base at Ally Bank grew $5.0 billion, ending the year at $57.9 billion from $52.9 billion at December 31, 2013. 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 14 to the 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 2013.

($ in millions)	4th Quarter 2014	3rd Quarter 2014	2nd Quarter 2014	1st Quarter 2014	4th Quarter 2013	3rd Quarter 2013	2nd Quarter 2013	1st Quarter 2013
Number of retail accounts	1,731,105	1,698,585	1,641,327	1,589,441	1,509,354	1,451,026	1,389,577	1,334,483
Deposits								
Retail	$47,954	$46,718	$45,934	$45,193	$43,172	$41,691	$39,859	$38,770
Brokered	9,885	9,692	9,684	9,683	9,678	9,724	9,552	9,877
Other (a)	64	73	75	70	60	66	72	844
Total deposits	$57,903	$56,483	$55,693	$54,946	$52,910	$51,481	$49,483	$49,491

(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 2014, Ally Bank completed eleven term securitization transactions backed by dealer floorplan and automotive loans and lease notes that raised $11.6 billion, including two off-balance sheet securitizations totaling $2.6 billion. 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 the execution risk arising from secured funding by maintaining a diverse investor base and maintaining secured facility funding. At December 31, 2014, Ally Bank had exclusive access to a $3.5 billion syndicated facility that can fund automotive retail and dealer floorplan loans, as well as leases. In March 2014, this facility was increased and renewed by a syndicate of nineteen lenders and extended until June 2015. At December 31, 2014, the amount outstanding under this facility was $3.3 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 of Pittsburgh. These advances are primarily secured by consumer and commercial mortgage finance receivables and loans. As of December 31, 2014, Ally Bank had pledged $10.7 billion of assets and investment securities to the FHLB resulting in $6.5 billion in total funding capacity with $5.8 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 December 31, 2014, Ally Bank had $774 million of 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 $3.2 billion. Ally Bank had no debt outstanding with the Federal Reserve as of December 31, 2014.

Parent Company (Nonbank) Funding

At December 31, 2014, the parent company maintained liquid cash and equivalents in the amount of $2.7 billion as well as unencumbered highly liquid U.S. federal government and U.S. agency securities of $2.1 billion that can be used to obtain funding through repurchase agreements with third parties or outright sales. At December 31, 2014, the parent company had no debt outstanding under repurchase agreements. In addition, at December 31, 2014, the parent

company had available liquidity from unused capacity in committed credit facilities of $3.4 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 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. The parent company had total available liquidity of $8.8 billion at December 31, 2014, which included the intercompany loan of $625 million.

During 2014, we completed several transactions through the unsecured debt capital markets totaling nearly $3.1 billion. In October, Ally Financial Inc. completed a tender offer to buy back $750 million of its long-dated high-coupon debt. We recorded a loss of $156 million on extinguishment of debt in 2014 related to this transaction. We expect to continue accessing the the unsecured debt capital markets as well as pursuing tender offers on 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 $335 million and $1.8 billion of retail term notes outstanding at December 31, 2014, and December 31, 2013, respectively. The decline is due to the redemption of $1.6 billion high-coupon callable retail notes in the first quarter of 2014, as part of a liability management strategy to continue to improve Ally's cost of funds.

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 $3.3 billion at December 31, 2014, compared to $3.2 billion at December 31, 2013. Refer to Note 15 and Note 16 to the 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 December 31, 2014, $17.2 billion of our $18.5 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of December 31, 2014, we had $13.4 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days. The parent company's largest facility is an $8.0 billion revolving syndicated credit facility secured by automotive receivables. In March 2014, we reduced and renewed this facility until March 2016. In the event this facility is not renewed at maturity, the outstanding debt will be repaid over time as the underlying collateral amortizes. At December 31, 2014, there was $7.8 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 2014, the parent company raised $2.7 billion through three public securitization transactions comprised of nonprime retail automotive loan collateral.

At December 31, 2014, the parent company maintained exclusive access to $18.5 billion of committed secured credit facilities with outstanding debt of $15.0 billion.

Recent Funding Developments

During 2014, we accessed the public and private markets to execute secured funding transactions, unsecured funding transactions, and funding facility renewals totaling $35.7 billion. Key funding highlights from January 1, 2014 to date were as follows:

- Ally Financial Inc. renewed, increased, and/or extended $17.7 billion in U.S. credit facilities. The automotive credit facility renewal amount includes the March 2014 refinancing of $11.5 billion in credit facilities at both the parent company and Ally Bank with a syndicate of nineteen lenders. The $11.5 billion capacity is secured by retail, lease, and dealer floorplan automotive assets and is allocated to two separate facilities; one is an $8.0 billion facility maturing in March 2016, which is available to the parent company, while the other is a $3.5 billion facility available to Ally Bank maturing in June 2015.
- Ally Financial Inc. restructured two amortizing private U.S. credit facilities to enhance the efficiency of the transactions and provide $744 million of additional funding.
- Ally Financial Inc. continued to access the public asset-backed securitization markets completing fourteen U.S. transactions that raised $14.3 billion, with $11.6 billion and $2.7 billion raised by Ally Bank and the parent company, respectively.
- Ally Financial Inc. accessed the unsecured debt capital markets during 2014 and raised $3.1 billion.
- Ally Financial Inc. called $2.2 billion of high coupon, callable debt in 2014.
- Ally Financial Inc. completed a tender offer to buy back $750 million of its long-dated high-coupon debt in 2014.
- In January 2015, Ally Financial Inc. issued a public nonprime securitization. The transaction raised $1.3 billion in funding.
- In February 2015, Ally Bank raised $625 million through two public securitizations backed by dealer floorplan automotive assets.
- In February 2015, Ally Financial Inc. accessed the unsecured debt capital markets and raised $1,250 million.

- In February 2015, Ally Financial Inc. announced a tender offer to buy back $950 million of its long-dated high-coupon debt.

Funding Sources

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

December 31, ($ in millions)	Bank	Nonbank	Total	%
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
2013				
Secured financings	$27,818	$19,776	$47,594	36
Institutional term debt	—	24,936	24,936	19
Retail debt programs (a)	—	5,035	5,035	4
Total debt (b)	27,818	49,747	77,565	59
Deposits (c)	52,910	440	53,350	41
Total on-balance sheet funding	$80,728	$50,187	$130,915	100

(a) Includes $335 million and $1.8 billion of Retail Term Notes at December 31, 2014 and December 31, 2013, respectively.

(b) Excludes fair value adjustment as described in Note 25 to the Consolidated Financial Statements.

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

As a result of our funding strategy to shift originations to Ally Bank and grow the retail deposit base, the proportion of funding provided by retail deposits and Ally Bank has increased in 2014 from 2013 levels. Refer to Note 16 to the Consolidated Financial Statements for a summary of the scheduled maturity of long-term debt at December 31, 2014.

Committed Funding Facilities

	Outstanding		Unused capacity (a)		Total capacity	
December 31, ($ in millions)	2014	2013	2014	2013	2014	2013
Bank funding						
Secured	$3,250	$2,750	$250	$250	$3,500	$3,000
Parent funding						
Secured (b)	15,030	15,159	3,425	6,497	18,455	21,656
Total committed facilities	$18,280	$17,909	$3,675	$6,747	$21,955	$24,656

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

(b) Includes the secured facility of Corporate Finance at December 31, 2013.

Cash Flows

Net cash provided by operating activities was $3.4 billion for the year ended December 31, 2014, compared to $2.5 billion for the year ended December 31, 2013. The increase was primarily due to lower cash outflow to settle derivatives and higher levels of operating income. The increase was partially offset by a net decrease in cash flows related to activity within our mortgage and automotive loans held-for-sale portfolios.

Net cash used in investing activities was $3.2 billion for the year ended December 31, 2014, compared to $3.5 billion for the same period in 2013. The decrease was primarily due to a $4.7 billion increase in net cash provided by sales, maturities, and repayments of available-for-sale securities, net of purchases, and a $2.2 billion increase in net cash inflows from operating lease activity, primarily due to an increase in cash received from lease disposals, as well as a

$1.7 billion net increase in restricted cash. The increase was partially offset by a $7.4 billion decrease in cash proceeds from the sale of international businesses and a decrease of $911 million from the sale of MSRs, both of which occurred in 2013.

Net cash used in financing activities for the year ended December 31, 2014 totaled $145 million, compared to $3.1 billion for the same period in 2013. The decrease was primarily due to a $5.9 billion cash outflow to redeem mandatorily convertible preferred stock held by Treasury during 2013. In addition, cash used to repay long-term debt exceeded cash generated from long-term debt issuances by $3.3 billion

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for the year ended December 31, 2014, which was lower than for the year ended December 31, 2013, where cash used to repay debt exceeded cash from long-term debt issuances by $4.6 billion.

Capital Planning and Stress Tests

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic internal stress tests, is subject to an annual supervisory stress test conducted by the FRB, and must submit an annual capital plan to the FRB. In October 2014, the FRB issued instructions and scenarios for the 2015 capital planning and stress test processes. 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%, 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. Ally expects that, on March 11, 2015, the FRB will either object or provide a notice of non-objection to Ally's 2015 capital plan, which was submitted to the FRB on January 5, 2015 with planned capital actions.

On January 5, 2015, Ally submitted the results of its semi-annual stress test to the FRB and must publicly disclose summary results of the stress test under the most severe scenario in March 2015 in accordance with regulatory requirements. In addition, Ally Bank submitted the results of its annual company-run stress test to the FDIC on January 5, 2015. Ally Bank must also conduct a stress test under the severely adverse economic scenario, and summary results of this test must be publicly disclosed.

On October 17, 2014, the FRB issued a final rule that modifies the capital plan rule and stress testing requirements. Among other things, beginning in 2016, bank holding companies must submit their capital plans and stress testing results to the FRB on or before April 5 of each year.

Regulatory Capital

Refer to Note 21 to the Consolidated Financial Statements.

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 debt	Outlook	Date of last action
Fitch	B	BB+	Stable	April 1, 2014 (a)
Moody's	Not Prime	B1	Positive	July 14, 2014 (b)
S&P	B	BB+	Stable	December 12, 2014 (c)
DBRS	R-4	BB	Positive	September 17, 2014 (d)

(a) Fitch upgraded our senior debt rating to BB+ from BB and affirmed our short term rating of B on April 1, 2014.

(b) Moody's affirmed our corporate family rating of Ba3, senior 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 debt rating to BB+ from BB and affirmed our short term rating of B on December 12, 2014.

(d) DBRS confirmed our senior debt rating of BB, confirmed our short term rating of R-4, and changed the trend on Ally's senior debt to Positive on September 17, 2014.

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 April 17, 2014, A.M. Best affirmed the FSR of B++ (good) and upgraded the ICR to bbb+.

Off-balance Sheet Arrangements

Refer to Note 10 to the Consolidated Financial Statements.

Securitization

We are involved in several types of securitization and financing transactions that allow us to diversify funding sources by converting assets into cash earlier than what would have occurred in the normal course of business. Securitized assets include consumer and commercial automotive loans, operating leases, and commercial loans. Information regarding our securitization activities is further described in Note 10 to the Consolidated Financial Statements.

As part of these securitization activities, we sell assets to various securitization entities. In turn, the securitization entities establish separate trusts to which they transfer the assets in exchange for the proceeds from the sale of securities issued by the trust. The trusts' activities are generally limited to acquiring the assets, issuing securities, making payments on the securities, and periodically reporting to the investors.

These securitization entities are separate legal entities that assume the risks and rewards of ownership of the receivables they hold. The assets of the securitization entities are not available to satisfy our claims or those of our creditors. In addition, the trusts do not invest in our equity or in the equity of any of our affiliates. Our economic exposure related to the securitization trusts is generally limited to cash reserves, retained interests, and customary representation and warranty provisions described in Note 10 to the Consolidated Financial Statements. The trusts have a limited life and generally terminate upon final distribution of amounts owed to investors or upon exercise of a cleanup call option by us, as servicer, when the costs of servicing the contracts becomes burdensome.

Certain of these securitization transactions meet the criteria to be accounted for as off-balance sheet arrangements if we either do not hold a potentially significant economic interest or do not provide servicing or asset management functions for the financial assets held by the securitization entity. Certain of our securitization transactions do not meet the required criteria to be accounted for as off-balance sheet arrangements; therefore, they are accounted for as secured financings. As secured financings, the underlying automotive finance retail contracts, wholesale loans, automotive leases, or commercial loans remain on our Consolidated Balance Sheet with the corresponding obligation (consisting of the beneficial interests issued by the securitization entity) reflected as debt. We recognize interest income on the finance receivables, automotive leases and loans, and interest expense on the beneficial interests issued by the securitization entity; and we provide for loan losses on the finance receivables and loans as incurred or adjust to fair value for fair value-elected loans. At December 31, 2014 and 2013, $69.2 billion and $72.0 billion of our total assets, respectively, were related to secured financings. Refer to Note 16 to the Consolidated Financial Statements for further discussion.

As part of our securitization activities, we typically agree to service the transferred assets for a fee, and we may also earn other related fees. The amount of the fees earned is disclosed in Note 11 to the Consolidated Financial Statements. We may also retain a portion of senior and subordinated interests issued by the trusts. Subordinate interests typically provide credit support to the more highly rated senior interest in a securitization transaction and may be subject to all or a portion of the first loss position related to the sold assets. For off-balance sheet arrangements, these interests are reported as investment securities or other assets on our Consolidated Balance Sheet and are disclosed in Note 6 and Note 13 to the Consolidated Financial Statements. For secured financings, retained interests are not recognized as a separate asset on our Consolidated Balance Sheet.

In October 2014, U.S. regulatory agencies adopted risk retention rules that require sponsors of asset-backed securitizations, such as Ally, to retain not less than five percent of the credit risk of the assets collateralizing asset-backed securitizations. Ally Bank has complied with the FDIC's Safe Harbor Rule requiring it to retain five percent risk retention in retail automotive loan and lease securitizations. Ally Financial intends to comply with the new risk retention rules for automotive asset-backed securitizations, which become effective on December 24, 2016.

Guarantees

Guarantees are defined as contracts or indemnification agreements that contingently require us to make payments to third parties based on changes in an underlying agreement that is related to a guaranteed party. Our guarantees include

standby letters of credit and certain contract provisions associated with securitizations and sales. Refer to Note 29 to the Consolidated Financial Statements for more information regarding our outstanding guarantees to third parties.

Aggregate Contractual Obligations

The following table provides aggregated information about our outstanding contractual obligations disclosed elsewhere in our Consolidated Financial Statements.

December 31, 2014 ($ in millions)	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Contractually obligated payments due by period					
Long-term debt					
Total (a)	$67,521	$17,496	$29,134	$9,691	$11,200
Scheduled interest payments for fixed-rate long-term debt	24,477	2,016	3,248	2,624	16,589
Estimated interest payments for variable-rate long-term debt (b)	542	196	257	76	13
Estimated net payments under interest rate swap agreements (b)	21	—	—	21	—
Lease commitments	156	43	56	31	26
Purchase obligations	69	38	31	—	—
Bank certificates of deposit	31,070	17,143	12,349	1,578	—
Total contractually obligated payments due by period	$123,856	$36,932	$45,075	$14,021	$27,828
Total other commitments by expiration period					
Lending commitments	$1,831	$543	$317	$551	$420

(a) Total long-term debt amount reflects the remaining principal obligation and excludes original issue discount of $1.4 billion and fair value adjustments of $452 million related to fixed-rate debt designated as a hedged item.

(b) Estimate utilized a forecasted variable interest model, when available, or the applicable variable interest rate as of the most recent reset date prior to December 31, 2014. For additional information on derivative instruments and hedging activities, refer to Note 22.

The foregoing table does not include our reserves for insurance losses and loss adjustment expenses, which total $208 million at December 31, 2014. While payments due on insurance losses are considered contractual obligations because they related to insurance policies issued by us, the ultimate amount to be paid and the timing of payment for an insurance loss is an estimate subject to significant uncertainty. Furthermore, the timing on payment is also uncertain; however, the majority of the balance is expected to be paid out in less than five years.

The following provides a description of the items summarized in the preceding table of contractual obligations.

Long-term Debt

Amounts represent the scheduled maturity of long-term debt at December 31, 2014, assuming that no early redemptions occur. The maturity of secured debt may vary based on the payment activity of the related secured assets. The amounts presented are before the effect of any unamortized discount or fair value adjustment. Refer to Note 16 to the Consolidated Financial Statements for additional information on our debt obligations.

Derivatives

We primarily use interest rate swaps to manage interest rate risk associated with our secured and unsecured long term debt portfolio. These derivatives are recorded on the balance sheet at fair value. For additional information on derivatives, refer to Note 22 to the Consolidated Financial Statements.

Lease Commitments

We have obligations under various operating lease arrangements (primarily for real property) with noncancelable lease terms that expire after December 31, 2014. Refer to Note 29 to the Consolidated Financial Statements for additional information.

Purchase Obligations

We enter into multiple contractual arrangements for various services. The arrangements represent fixed payment obligations under our most significant contracts and primarily relate to contracts with information technology

providers. Refer to Note 29 to the Consolidated Financial Statements for additional information.

Bank Certificates of Deposit

Refer to Note 14 to the Consolidated Financial Statements for additional information.

Lending Commitments

We have outstanding lending commitments with customers. The amounts presented represent the unused portion of those commitments at December 31, 2014. Refer to Note 29 to the Consolidated Financial Statements for additional information.

Critical Accounting Estimates

Accounting policies are integral to understanding our Management's Discussion and Analysis of Financial Condition and Results of Operations. The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP) requires management to make certain judgments and assumptions, on the basis of information available at the time of the financial statements, in determining accounting estimates used in the preparation of these statements. Our significant accounting policies are described in Note 1 to the Consolidated Financial Statements; critical accounting estimates are described in this section. An accounting estimate is considered critical if the estimate requires management to make assumptions about matters that were highly uncertain at the time the accounting estimate was made. If actual results differ from our judgments and assumptions, then it may have an adverse impact on the results of operations and cash flows. Our management has discussed the development, selection, and disclosure of these critical accounting estimates with the Audit Committee of the Board, and the Audit Committee has reviewed our disclosure relating to these estimates.

Allowance for Loan Losses

We maintain an allowance for loan losses (the allowance) to absorb probable loan credit losses inherent in the held-for-investment portfolio, excluding those loans measured at fair value in accordance with applicable accounting standards. The allowance is maintained at a level that management considers to be adequate based upon ongoing quarterly assessments and evaluations of collectability and historical loss experience in our lending portfolio. The allowance is management's estimate of incurred losses in our lending portfolio and involves significant judgment. Management performs quarterly analyses of these portfolios to determine if impairment has occurred and to assess the adequacy of the allowance based on historical and current trends and other factors affecting credit losses. Additions to the allowance are charged to current period earnings through the provision for loan losses; amounts determined to be uncollectible are charged directly against the allowance, while amounts recovered on previously charged-off accounts increase the allowance. Determining the appropriateness of the allowance requires management to exercise significant judgment about matters that are inherently uncertain, including the timing, frequency, and severity of credit losses that could materially affect the provision for loan losses and, therefore, net income. The methodology for determining the amount of the allowance differs between the consumer automotive, consumer mortgage, and commercial portfolio segments. For additional information regarding our portfolio segments and classes, refer to Note 8 to the Consolidated Financial Statements. While we attribute portions of the allowance across our lending portfolios, the entire allowance is available to absorb probable loan losses inherent in our total lending portfolio.

The consumer portfolio segments consist of smaller-balance, homogeneous loans. Excluding certain loans that are identified as individually impaired, the allowance for each consumer portfolio segment (automotive and mortgage) is evaluated collectively. The allowance is based on aggregated portfolio segment evaluations that begin with estimates of incurred losses in each portfolio segment based on various statistical analyses. We leverage proprietary statistical models based on recent loss trends to develop a systematic incurred loss reserve. These statistical loss forecasting models are utilized to estimate incurred losses and consider several credit quality indicators including, but not limited to, historical loss experience, estimated foreclosures or defaults based on observable trends, and general economic and business trends. Management believes these factors are relevant to estimate incurred losses and are updated on a quarterly basis in order to incorporate information reflective of the current economic environment, as changes in these assumptions could have a significant impact. In order to develop our best estimate of probable incurred losses inherent in the loan portfolio, management reviews and analyzes the output from the models and may adjust the reserves to take into consideration environmental, qualitative and other factors that may not be captured in the models. These adjustments are documented and reviewed through our risk management processes. Management reviews, updates, and validates its systematic process and loss assumptions on a periodic basis. This process involves an analysis of loss information, such as a review of loss and credit trends, a retrospective evaluation of actual loss information to loss forecasts, and other analyses.

The commercial portfolio segment is primarily composed of larger-balance, nonhomogeneous exposures within our Automotive Finance operations and Corporate Finance. These loans are primarily evaluated individually and are risk-rated based on borrower, collateral, and industry-specific information that management believes is relevant in determining the occurrence of a loss event and measuring impairment. A loan is considered impaired when it is probable that we will be unable to collect all amounts due according to the contractual terms of the loan agreement based on current information and events. Management establishes specific allowances for commercial loans determined to be individually impaired based on the present value of expected future cash flows, discounted at the loans' effective interest rate, observable market price or the fair value of collateral, whichever is determined to be the most appropriate. Estimated costs to sell the collateral on a discounted basis are included in the impairment measurement, when appropriate. In addition to the specific allowances for impaired loans, loans that are not identified as individually impaired are grouped into pools based on similar risk characteristics and collectively evaluated. These allowances are based on historical loss experience, concentrations, current economic conditions, and performance trends within specific geographic locations. The commercial historical loss experience is updated quarterly to incorporate the most recent data reflective of the current economic environment.

The determination of the allowance is influenced by numerous assumptions and many factors that may materially affect estimates of loss, including volatility of loss given default, probability of default, and rating migration. The critical assumptions underlying the allowance include: (1) segmentation of each portfolio based on common risk characteristics; (2) identification and estimation of portfolio indicators and other factors that management believes are key to estimating incurred credit losses; and (3) evaluation by management of borrower, collateral, and geographic information. Management monitors the adequacy of the allowance and makes adjustments as the assumptions in the underlying analyses change to reflect an estimate of incurred loan losses at the reporting date, based on the best information available at that time. In addition, the allowance related to the commercial portfolio segment is influenced by estimated recoveries from automotive manufacturers relative to guarantees or agreements with them to repurchase vehicles used as collateral to secure the loans. If an automotive

manufacturer is unable to fully honor its obligations, our ultimate loan losses could be higher. To the extent that actual outcomes differ from our estimates, additional provision for credit losses may be required that would reduce earnings.

Valuation of Automotive Lease Assets and Residuals

We have significant investments in vehicles in our operating lease portfolio. In accounting for operating leases, management must make a determination at the beginning of the lease contract of the estimated realizable value (i.e., residual value) of the vehicle at the end of the lease. Residual value represents an estimate of the market value of the vehicle at the end of the lease term, which typically ranges from two to four years. At contract inception, we determine the projected residual value based on an internal evaluation of the expected future value. This evaluation is based on a proprietary model, which includes variables such as age, expected mileage, seasonality, segment factors, vehicle type, economic indicators, production cycle, automotive manufacturer incentives, and shifts in used vehicle supply. This internally-generated data is compared against third party, independent data for reasonableness. The customer is obligated to make payments during the term of the lease for the difference between the purchase price and the contract residual value plus a finance charge. However, since the customer is not obligated to purchase the vehicle at the end of the contract, we are exposed to a risk of loss to the extent the value of the vehicle is below the residual value estimated at contract inception. Management periodically performs a detailed review of the estimated realizable value of leased vehicles to assess the appropriateness of the carrying value of lease assets.

To account for residual risk, we depreciate automotive operating lease assets to estimated realizable value on a straight-line basis over the lease term. The estimated realizable value is initially based on the residual value established at contract inception. Periodically, we revise the projected value of the lease vehicle at termination based on current market conditions, and other relevant data points, and adjust depreciation expense appropriately over the remaining term of the lease. Impairment of the operating lease asset is assessed upon the occurrence of a triggering event. Triggering events are systemic, observed events impacting the used car market such as shocks to oil and gas prices that may indicate impairment of the operating lease asset. Impairment is determined to exist if the expected undiscounted cash flows generated from the operating lease assets are less than the carrying value of the operating lease assets. If the operating lease assets are impaired, they are written down to their fair value as estimated by discounted cash flows. There were no such impairment charges in 2014, 2013, or 2012.

Our depreciation methodology for operating lease assets considers management's expectation of the value of the vehicles upon lease termination, which is based on numerous assumptions and factors influencing used vehicle values. The critical assumptions underlying the estimated carrying value of automotive lease assets include: (1) estimated market value information obtained and used by management in estimating residual values, (2) proper identification and estimation of business conditions, (3) our remarketing abilities, and (4) automotive manufacturer vehicle and marketing programs. Changes in these assumptions could have a significant impact on the value of the lease residuals. Expected residual values include estimates of payments from automotive manufacturers related to residual support and risk-sharing agreements, if any. To the extent an automotive manufacturer is not able to fully honor its obligation relative to these agreements, our depreciation expense would be negatively impacted.

Fair Value of Financial Instruments

We use fair value measurements to record fair value adjustments to certain instruments and to determine fair value disclosures. Refer to Note 25 to the Consolidated Financial Statements for a description of 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. We follow the fair value hierarchy set forth in Note 25 to the Consolidated Financial Statements in order to prioritize the inputs utilized to measure fair value. We review and modify, as necessary, our fair value hierarchy classifications on a quarterly basis. As such, there may be reclassifications between hierarchy levels.

We have numerous internal controls in place to ensure the appropriateness of fair value measurements. Significant fair value measures are subject to detailed analytics and management review and approval. We have an established model validation policy and program in place that covers all models used to generate fair value measurements. This model

validation program ensures a controlled environment is used for the development, implementation, and use of the models and change procedures. Further, this program uses a risk-based approach to select models to be reviewed and validated by an independent internal risk group to ensure the models are consistent with their intended use, the logic within the models is reliable, and the inputs and outputs from these models are appropriate. Additionally, a wide array of operational controls are in place to ensure the fair value measurements are reasonable, including controls over the inputs into and the outputs from the fair value measurement models. For example, we backtest the internal assumptions used within models against actual performance. We also monitor the market for recent trades, market surveys, or other market information that may be used to benchmark model inputs or outputs. Certain valuations will also be benchmarked to market indices when appropriate and available. We have scheduled model and/or input recalibrations that occur on a periodic basis but will recalibrate earlier if significant variances are observed as part of the backtesting or benchmarking noted above.

Considerable judgment is used in forming conclusions from market observable data used to estimate our Level 2 fair value measurements and in estimating inputs to our internal valuation models used to estimate our Level 3 fair value measurements. Level 3 inputs such as interest rate movements, prepayment speeds, credit losses, and discount rates are inherently difficult to estimate. Changes to these inputs can have a significant effect on fair value measurements. Accordingly, our estimates of fair value are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange.

Legal and Regulatory Reserves

Our legal and regulatory reserves reflect management's best estimate of probable losses on legal and regulatory matters. As a legal or regulatory matter develops, management, in conjunction with internal and external counsel handling the matter, evaluates on an ongoing basis whether the matter presents a loss contingency that is both probable and estimable. If, at the time of evaluation, the loss contingency related to a legal or regulatory matter is not both probable and estimable, the matter will continue to be monitored for further developments that would make the loss contingency both probable and estimable. When the loss contingency related to a legal or regulatory matter is deemed to be both probable and estimable, we will establish a liability with respect to the loss contingency and record a corresponding expense amount. To estimate the probable loss, we evaluate the individual facts and circumstances of the case including information learned through the discovery process, rulings on dispositive motions, settlement discussions, our prior history with similar matters and other rulings by courts, arbitrators or others. The reserves are continuously monitored and updated to reflect the most recent information related to each matter.

Additionally, in matters for which a loss event is not deemed probable, but rather reasonably possible to occur, we would attempt to estimate a loss or range of loss related to that event, if possible. For these matters, we do not record a liability. However, if we are able to estimate a loss or range of loss, we would disclose this loss, if it is material to our financial statements. To estimate a range of probable or reasonably possible loss, we evaluate each individual case in the manner described above. We do not accrue for or disclose matters for which a loss event is deemed remote.

For details regarding the nature of all material contingencies, refer to Note 30 to the Consolidated Financial Statements.

Determination of Provision for Income Taxes

Our income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect management's best assessment of estimated current and future taxes to be paid. We are subject to income taxes predominantly in the United States. Significant judgments and estimates are required in determining consolidated income tax expense. Deferred income taxes arise from temporary differences between the tax and financial statement recognition of revenue and expense. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all available positive and negative evidence, including scheduled reversals of deferred tax liabilities, projected future taxable income, tax planning strategies, and recent results of operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and incorporate assumptions about the amount of future state, federal, and foreign pretax operating income. These assumptions about future taxable income require significant judgment and are consistent with the plans and estimates we are using to manage the underlying businesses. In evaluating the objective evidence that historical results provide, we consider three years of cumulative operating income (loss).

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 capital loss, foreign tax credit 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.

For additional information regarding our provision for income taxes, refer to Note 23 to the Consolidated Financial Statements.

Recently Issued Accounting Standards

Refer to Note 1 to the Consolidated Financial Statements for further information related to recently adopted and recently issued accounting standards.

Statistical Table

The accompanying supplemental information should be read in conjunction with the more detailed information, including our Consolidated Financial Statements and the notes thereto, which appears elsewhere in this Annual Report.

Net Interest Margin Table

The following table presents an analysis of net yield on interest-earning assets (or net interest margin) excluding discontinued operations for the periods shown.

	2014			2013			2012		
Year ended December 31, ($ in millions)	Average balance (a)	Interest income/Interest expense	Yield/rate	Average balance (a)	Interest income/Interest expense	Yield/rate	Average balance (a)	Interest income/Interest expense	Yield/rate
Assets									
Interest-bearing cash and cash equivalents	$4,328	$ 8	0.18 %	$6,412	$ 10	0.16 %	$10,610	$ 24	0.23 %
Trading assets	—	—	—	—	—	—	261	10	3.83
Investment securities (b)	15,729	347	2.21	15,195	300	1.97	12,336	262	2.12
Loans held-for-sale, net	16	1	6.25	600	20	3.33	2,759	98	3.55
Finance receivables and loans, net (c) (d) (e)	100,148	4,457	4.45	97,467	4,529	4.65	95,311	4,539	4.76
Investment in operating leases, net (f)	18,789	1,325	7.05	16,028	1,214	7.57	11,185	980	8.76
Total interest-earning assets	139,010	6,138	4.42	135,702	6,073	4.48	132,462	5,913	4.46
Noninterest-bearing cash and cash equivalents	1,610			1,628			1,794		
Other assets (g)	10,892			20,298			50,719		
Allowance for loan losses	(1,173)			(1,192)			(1,234)		
Total assets	$150,339			$156,436			$183,741		
Liabilities									
Interest-bearing deposit liabilities	$55,858	$ 664	1.19 %	$50,188	$ 654	1.30 %	$42,478	$ 645	1.52 %
Short-term borrowings	6,308	52	0.82	4,858	63	1.30	3,852	71	1.84
Long-term debt (e) (h) (i)	68,078	2,067	3.04	66,634	2,602	3.90	77,057	3,336	4.33
Total interest-bearing liabilities (h) (j)	130,244	2,783	2.14	121,680	3,319	2.73	123,387	4,052	3.28
Noninterest-bearing deposit liabilities	69			536			2,261		
Total funding sources (h) (k)	130,313	2,783	2.14	122,216	3,319	2.72	125,648	4,052	3.22

Other liabilities (l)	5,231			15,448			39,173		
Total liabilities	135,544			137,664			164,821		
Total equity	14,795			18,772			18,920		
Total liabilities and equity	$150,339			$156,436			$183,741		
Net financing revenue		$ 3,355			$ 2,754			$ 1,861	
Net interest spread (m)			2.28 %			1.75 %			1.18 %
Net interest spread excluding original issue discount (m)			2.44 %			1.99 %			1.49 %
Net interest spread excluding original issue discount and including noninterest-bearing deposit liabilities (m)			2.44 %			2.00 %			1.55 %
Net yield on interest-earning assets (n)			2.41 %			2.03 %			1.40 %
Net yield on interest-earning assets excluding original issue discount (n)			2.54 %			2.21 %			1.66 %

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

(b) Excludes equity investments with an average balance of $865 million, $995 million, and $1,076 million at December 31, 2014, 2013, and 2012, respectively, and related income on equity investments of $20 million, $25 million, and $30 million during the years ended December 31, 2014, 2013, and 2012, respectively. Yields on available-for-sale debt securities are based on fair value as opposed to historical cost.

(c) 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.

(d) Includes other interest income of $1 million and $4 million at December 31, 2013, and 2012, respectively.

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

(f) Includes remarketing gains of $433 million, $332 million, and $116 million at December 31, 2014, 2013, and 2012, respectively. Excluding these gains, the annualized yield would be 4.75%, 5.50%, and 7.72% at December 31, 2014, 2013, and 2012, respectively.

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

(h) Average balance includes $1,438 million, $1,660 million, and $1,927 million related to original issue discount at December 31, 2014, 2013, and 2012, respectively. Interest expense includes original issue discount amortization of $173 million, $249 million, and $336 million during the years ended December 31, 2014, 2013, and 2012, respectively.

(i) Excluding original issue discount, the rate on long-term debt was 2.72%, 3.45%, and 3.80% at December 31, 2014, 2013, and 2012, respectively.

(j) Excluding original issue discount, the rate on total interest-bearing liabilities was 1.98%, 2.49%, and 2.97% at December 31, 2014, 2013, and 2012, respectively.

(k) Excluding original issue discount, the rate on total funding sources was 1.98%, 2.48%, and 2.91% at December 31, 2014, 2013, and 2012, 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.

The following table presents an analysis of the changes in net financing revenue, volume and rate.

	2014 vs 2013 Decrease (Increase) due to (a)			2013 vs 2012 Decrease (Increase) due to (a)		
Year ended December 31, ($ in millions)	Volume	Yield/rate	Total	Volume	Yield/rate	Total
Assets						
Interest-bearing cash and cash equivalents	$(4)	$ 2	$(2)	$(8)	$ (6)	$(14)
Trading assets	—	—	—	(5)	(5)	(10)
Investment securities	11	36	47	57	(19)	38
Loans held-for-sale, net	(29)	10	(19)	(72)	(6)	(78)
Finance receivables and loans, net	122	(194)	(72)	101	(111)	(10)
Investment in operating leases, net	199	(88)	111	381	(147)	234
Total interest-earning assets	$299	$ (234)	$65	$454	$ (294)	$160
Liabilities						
Interest-bearing deposit liabilities	$70	$ (60)	$10	$107	$ (98)	$9
Short-term borrowings	16	(27)	(11)	16	(24)	(8)
Long-term debt	56	(591)	(535)	(425)	(309)	(734)
Total interest-bearing liabilities	$142	$ (678)	$(536)	$(302)	$ (431)	$(733)
Net financing revenue	$157	$ 444	$601	$756	$ 137	$893

(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.

Outstanding Finance Receivables and Loans

The following table presents the composition of our on-balance sheet finance receivables and loans.

December 31, ($ in millions)	2014	2013	2012	2011	2010
Consumer					
Consumer automotive	$56,570	$56,417	$53,715	$63,459	$51,254
Consumer mortgage	7,474	8,444	9,821	10,828	11,763
Total consumer	64,044	64,861	63,536	74,287	63,017
Commercial					
Commercial and industrial					
Automotive (a)	30,871	30,948	30,270	34,817	33,342
Mortgage	—	—	—	1,911	1,581
Other	1,882	1,664	2,697	1,241	2,107
Commercial real estate					
Automotive	3,151	2,855	2,552	2,485	2,287
Mortgage	—	—	—	14	79
Total commercial loans	35,904	35,467	35,519	40,468	39,396
Total finance receivables and loans (b)	$99,948	$100,328	$99,055	$114,755	$102,413
Loans held-for-sale	$2,003	$35	$2,576	$8,557	$11,411

(a) Includes notes receivable from GM of $529 million and $484 million at December 31, 2011 and December 31 2010, respectively.

(b) Includes historical cost, fair value, and repurchased loans.

Nonperforming Assets

The following table summarizes the nonperforming assets in our on-balance sheet portfolio.

December 31, ($ in millions)	2014	2013	2012	2011	2010
Consumer					
Consumer automotive	$386	$329	$260	$228	$207
Consumer mortgage	177	192	382	549	821
Total consumer (a)	563	521	642	777	1,028
Commercial					
Commercial and industrial					
Automotive	32	116	146	223	296
Mortgage	—	—	—	—	40
Other	46	74	33	37	134
Commercial real estate					
Automotive	4	14	37	67	199
Mortgage	—	—	—	12	71
Total commercial (b)	82	204	216	339	740
Total nonperforming finance receivables and loans	645	725	858	1,116	1,768
Foreclosed properties	10	10	8	82	150
Repossessed assets (c)	90	101	62	56	47
Total nonperforming assets	$745	$836	$928	$1,254	$1,965
Loans held-for-sale (d)	$8	$9	$25	$2,820	$3,273

(a) Interest revenue that would have been accrued on total consumer finance receivables and loans at original contractual rates was $49 million during the year ended December 31, 2014. Interest income recorded for these loans was $17 million during the year ended December 31, 2014.

(b)

Interest revenue that would have been accrued on total commercial finance receivables and loans at original contractual rates was $9 million during the year ended December 31, 2014. Interest income recorded for these loans was $5 million during the year ended December 31, 2014.

(c) Repossessed assets exclude $7 million, $7 million, $3 million, $3 million, and $14 million of repossessed operating lease assets at December 31, 2014, 2013, 2012, 2011, and 2010, respectively.

(d) Interest revenue that would have been accrued on total loans held-for-sale at original contractual rates was $22 million during the year ended December 31, 2014. Interest income recorded for these loans was $20 million during the year ended December 31, 2014.

Accruing Finance Receivables and Loans Past Due 90 Days or More

The following table presents our on-balance sheet accruing loans past due 90 days or more as to principal and interest.

December 31, ($ in millions)	2014	2013	2012	2011	2010
Consumer					
Consumer automotive	$—	$—	$—	$3	$5
Consumer mortgage	—	1	1	1	1
Total consumer	—	1	1	4	6
Commercial					
Commercial and industrial					
Automotive	—	—	—	—	—
Mortgage	—	—	—	—	—
Other	—	—	—	—	—
Commercial real estate					
Automotive	—	—	—	—	—
Mortgage	—	—	—	—	—
Total commercial	—	—	—	—	—
Total accruing finance receivables and loans past due 90 days or more	$—	$1	$1	$4	$6
Loans held-for-sale	$—	$—	$—	$73	$25

Allowance for Loan Losses

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

($ in millions)	2014	2013	2012	2011	2010
Balance at January 1,	$1,208	$1,170	$1,503	$1,873	$2,445
Cumulative effect of change in accounting principles (a)	—	—	—	—	222
Charge-offs	(776)	(737)	(776)	(880)	(1,646)
Total charge-offs	(776)	(737)	(776)	(880)	(1,646)
Recoveries	239	265	302	327	448
Net charge-offs	(537)	(472)	(474)	(553)	(1,198)
Provision for loan losses	457	501	329	161	361
Other (b)	(151)	9	(188)	22	43
Balance at December 31,	$977	$1,208	$1,170	$1,503	$1,873

(a) Effect of change in accounting principle due to adoption of ASU 2009-17, Improvements to Financial Reporting by Enterprises Involved with Variable Interest Entities.

(b) Primarily related to the transfer of finance receivables and loans from held-for-investment to held-for-sale. Also includes provision for loan losses relating to discontinued operations of $65 million, $58 million, and $77 million for the years ended December 31, 2012, 2011, and 2010, respectively.

Allowance for Loan Losses by Type

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

	2014		2013		2012		2011		2010	
December 31, ($ in millions)	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total	Amount	% of total
Consumer										
Consumer automotive	$685	70.1	$673	55.7	$575	49.2	$766	51.0	$970	51.8
Consumer mortgage	152	15.6	389	32.2	452	38.6	516	34.3	580	30.9
Total consumer loans	837	85.7	1,062	87.9	1,027	87.8	1,282	85.3	1,550	82.7
Commercial										
Commercial and industrial										
Automotive	65	6.7	67	5.6	55	4.7	110	7.3	106	5.6
Mortgage	—	—	—	—	—	—	11	0.7	12	0.7
Other	42	4.2	50	4.1	48	4.1	53	3.6	136	7.3
Commercial real estate										
Automotive	33	3.4	29	2.4	40	3.4	42	2.8	56	3.0
Mortgage	—	—	—	—	—	—	5	0.3	13	0.7
Total commercial loans	140	14.3	146	12.1	143	12.2	221	14.7	323	17.3
Total allowance for loan losses	$977	100.0	$1,208	100.0	$1,170	100.0	$1,503	100.0	$1,873	100.0

Deposit Liabilities

The following table presents the average balances and interest rates paid for types of domestic deposits.

Year ended December 31, ($ in millions)	2014 Average balance (a)	2014 Average deposit rate	2013 Average balance (a)	2013 Average deposit rate	2012 Average balance (a)	2012 Average deposit rate
Domestic deposits						
Noninterest-bearing deposits	$69	— %	$536	— %	$2,262	— %
Interest-bearing deposits						
Savings and money market checking accounts	24,296	0.82	18,223	0.83	10,953	0.88
Certificates of deposit	31,173	1.44	31,291	1.53	29,972	1.64
Dealer deposits	389	3.79	674	3.74	1,515	3.81
Total domestic deposit liabilities	$55,927	1.19 %	$50,724	1.29 %	$44,702	1.44 %

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

The following table presents the amount of certificates of deposit in denominations of $100 thousand or more segregated by time remaining until maturity.

December 31, 2014 ($ in millions)	Three months or less	Over three months through six months	Over six months through twelve months	Over twelve months	Total
Certificates of deposit ($100,000 or more)	$1,940	$1,949	$3,654	$5,418	$12,961

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Refer to the Market Risk Management section of Item 7, Management's Discussion and Analysis.

4Item 8. Financial Statements and Supplementary Data

Ally management is responsible for establishing and maintaining effective internal control over financial reporting. The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer and Chief Financial Officer to provide reasonable assurance regarding the reliability of financial reporting and the preparation of published financial statements in accordance with generally accepted accounting principles.

The Company's internal control over financial reporting includes policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Consolidated Financial Statements in conformity with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Financial Statements.

Because of its inherent limitations, internal control over financial reporting can provide only reasonable assurance and may not prevent or detect misstatements. Further, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

Management conducted, under the supervision of the Company's Chief Executive Officer and Chief Financial Officer, an evaluation of the effectiveness of the Company's internal control over financial reporting based on the framework in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, commonly referred to as the “COSO” criteria.

Based on the assessment performed, management concluded that at December 31, 2014, Ally's internal control over financial reporting was effective based on the COSO criteria.

The independent registered public accounting firm, Deloitte & Touche LLP, has audited the Consolidated Financial Statements of Ally and has issued an attestation report on our internal control over financial reporting at December 31, 2014, as stated in its report, which is included herein.

/S/ JEFFREY J. BROWN	/S/ CHRISTOPHER A. HALMY
Jeffrey J. Brown	Christopher A. Halmy
Chief Executive Officer	Chief Financial Officer
February 27, 2015	February 27, 2015

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ally Financial Inc.:

We have audited the accompanying Consolidated Balance Sheet of Ally Financial Inc. and subsidiaries (the "Company") as of December 31, 2014 and 2013, and the related Consolidated Statements of Income, Comprehensive Income, Changes in Equity, and Cash Flows for each of the three years in the period ended December 31, 2014. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2014 and 2013, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated February 27, 2015 expressed an unqualified opinion on the Company's internal control over financial reporting.

/S/ DELOITTE & TOUCHE LLP

Deloitte & Touche LLP

Detroit, Michigan

February 27, 2015

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Ally Financial Inc.:

We have audited the internal control over financial reporting of Ally Financial Inc. and subsidiaries (the “Company”) as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2014, of the Company and our report dated February 27, 2015, expressed an unqualified opinion on those consolidated financial statements.

/S/ DELOITTE & TOUCHE LLP
Deloitte & Touche LLP

Detroit, Michigan
February 27, 2015

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Consolidated Statement of Income
Ally Financial Inc. • Form 10-K

Year ended December 31, ($ in millions)	2014	2013	2012
Financing revenue and other interest income			
Interest and fees on finance receivables and loans	$4,457	$4,529	$4,539
Interest on loans held-for-sale	1	20	98
Interest on trading assets	—	—	10
Interest and dividends on available-for-sale investment securities	367	325	292
Interest-bearing cash	8	10	24
Operating leases	3,558	3,209	2,379
Total financing revenue and other interest income	8,391	8,093	7,342
Interest expense			
Interest on deposits	664	654	645
Interest on short-term borrowings	52	63	71
Interest on long-term debt	2,067	2,602	3,336
Total interest expense	2,783	3,319	4,052
Depreciation expense on operating lease assets	2,233	1,995	1,399
Net financing revenue	3,375	2,779	1,891
Other revenue			
Servicing fees	31	126	409
Servicing asset valuation and hedge activities, net	—	(213)	(4)
Total servicing income (loss), net	31	(87)	405
Insurance premiums and service revenue earned	979	1,012	1,055
Gain on mortgage and automotive loans, net	7	55	379
Loss on extinguishment of debt	(202)	(59)	(148)
Other gain on investments, net	181	180	146
Other income, net of losses	280	383	737
Total other revenue	1,276	1,484	2,574
Total net revenue	4,651	4,263	4,465
Provision for loan losses	457	501	329
Noninterest expense			
Compensation and benefits expense	947	1,019	1,106
Insurance losses and loss adjustment expenses	410	405	454
Other operating expenses	1,591	1,981	2,062
Total noninterest expense	2,948	3,405	3,622
Income from continuing operations before income tax expense	1,246	357	514
Income tax expense (benefit) from continuing operations	321	(59)	(856)
Net income from continuing operations	925	416	1,370
Income (loss) from discontinued operations, net of tax	225	(55)	(174)
Net income	$1,150	$361	$1,196

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

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Consolidated Statement of Income
Ally Financial Inc. • Form 10-K

Year ended December 31, (in dollars)	2014	2013		2012	
Basic earnings per common share					
Net income (loss) from continuing operations	$1.36	$(1.51	)	$1.38	
Income (loss) from discontinued operations, net of tax	0.47	(0.13	)	(0.42	)
Net income (loss)	$1.83	$(1.64			