7 ELEVEN INC
Form 4/A
December 10, 2004

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

OMB Number:	3235-0287
Expires:	January 31, 2005
Estimated average burden hours per response...	0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
KEYES JAMES W

(Last) (First) (Middle)

2711 N. HASKELL AVE.

(Street)

DALLAS, TX 75204

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
7 ELEVEN INC [SE]

3. Date of Earliest Transaction (Month/Day/Year)
12/06/2004

4. If Amendment, Date Original Filed(Month/Day/Year)
12/08/2004

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/06/2004		M		14,360	A	$ 15 (1)	128,664	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Employee Stock Options	$ 15	12/06/2004		M			14,360	10/01/1997	10/01/2006	Common Stock	14,360
Employee Stock Options	$ 15	12/07/2004		M			2,791	10/01/1997	10/01/2006	Common Stock	2,791

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
KEYES JAMES W 2711 N. HASKELL AVE. DALLAS, TX 75204	X		President and CEO	

Signatures

David T. Fenton, Attorney-in-fact	12/10/2004
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The Form 4 filed on December 8, 2004, inadvertently listed an acquisition price of $12.35, instead of the correct price of $15.00.

(2) The Form 4 filed on December 8, 2004, inadvertently listed the price of the derivative security as $12.35, instead of the correct price of $15.00.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

29,902

Investment in operating leases, net

4,791

5,595

Other assets

1,624

1,964

Total assets

$
34,148

$
37,461

Liabilities

Long-term debt

20,267

24,297

Accrued expenses and other liabilities

22

173

Total liabilities

$
20,289

$
24,470

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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Consolidated Statement of Changes in Equity
Ally Financial Inc. • Form 10-K

($ in millions)	Common stock and paid-in capital	Mandatorily convertible preferred stock held by U.S. Department of Treasury	Preferred stock	Accumulated deficit	Accumulated other comprehensive income (loss)	Treasury stock	Total equity
Balance at January 1, 2013	$19,668	$5,685	$1,255	$(7,021)	$ 311	$—	$19,898
Net income				361			361
Preferred stock dividends — U.S. Department of Treasury (a)				(543)			(543)
Preferred stock dividends				(267)			(267)
Other comprehensive loss					(587)		(587)
Increase in paid-in capital	1						1
Issuance of common stock	1,270						1,270
Repurchase of mandatorily convertible preferred stock held by U.S. Department of Treasury and elimination of share adjustment right		(5,685)		(240)			(5,925)
Balance at December 31, 2013	$20,939	$—	$1,255	$(7,710)	$ (276)	$—	$14,208
Net income				1,150			1,150
Preferred stock dividends				(268)			(268)
Share-based compensation	99						99
Other comprehensive income					210		210
Balance at December 31, 2014	$21,038	$—	$1,255	$(6,828)	$ (66)	$—	$15,399
Net income				1,289			1,289
Preferred stock dividends				(2,571) (b)			(2,571)
Series A preferred stock repurchase			(325)				(325)
Series G preferred stock redemption			(234)				(234)

Share-based compensation	62						62
Other comprehensive loss					(165)		(165)
Share repurchases related to employee stock-based compensation awards						(16)	(16)
Balance at December 31, 2015	$21,100	$—	$696	$(8,110)	$ (231)	$(16)	$13,439

(a) Includes $8 million of preferred stock dividends paid to the U.S. Department of Treasury related to the period from November 15, 2013, through November 20, 2013.

(b) Preferred stock dividends include $2,364 million recognized in connection with the redemption of the Series G Preferred Stock and the repurchase of the Series A Preferred Stock. These dividends represent an additional return to preferred shareholders calculated as the excess consideration paid over the carrying amount derecognized. Refer to Note 18 for additional preferred stock information.

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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

Year ended December 31, ($ in millions)	2015	2014	2013
Operating activities			
Net income	$1,289	$1,150	$361
Reconciliation of net income to net cash provided by operating activities			
Depreciation, amortization and accretion, net	2,801	2,936	2,864
Changes in fair value of mortgage servicing rights	—	—	101
Provision for loan losses	707	457	570
Gain on sale of loans, net	(45)	(7)	(55)
Net gain on investment securities	(155)	(181)	(182)
Loss on extinguishment of debt	357	202	59
Originations and purchases of loans originated as held-for-sale	(1,770)	—	(6,235)
Proceeds from sales and repayments of loans held-for-sale	1,658	62	8,696
Impairment and settlement related to Residential Capital, LLC	—	(150)	(600)
(Gain) loss on sale of subsidiaries and joint ventures, net	(452)	7	(666)
Net change in			
Deferred income taxes	565	117	(671)
Interest payable	(127)	(411)	(39)
Other assets	526	(132)	2,592
Other liabilities	(247)	(400)	(3,860)
Other, net	(12)	(247)	(434)
Net cash provided by operating activities	5,095	3,403	2,501
Investing activities			
Purchases of available-for-sale securities	(12,250)	(5,417)	(12,304)
Proceeds from sales of available-for-sale securities	6,874	4,260	3,627
Proceeds from maturities and repayment of available-for-sale securities	4,255	2,657	5,509
Net increase in finance receivables and loans	(13,845)	(5,024)	(2,479)
Proceeds from sales of finance receivables and loans originated as held-for-investment	3,197	2,592	—
Purchases of operating lease assets	(4,685)	(9,884)	(9,196)
Disposals of operating lease assets	5,546	5,860	2,964
Sale of mortgage servicing rights	—	—	911
Proceeds from sale of business units, net (a)	1,049	47	7,444
Net change in restricted cash	264	1,625	(70)
Other, net	(152)	72	51
Net cash used in investing activities	(9,747)	(3,212)	(3,543)

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 Cash Flows
Ally Financial Inc. • Form 10-K

Year ended December 31, ($ in millions)	2015	2014	2013
Financing activities			
Net change in short-term borrowings	1,028	(1,494)	1,591
Net increase in deposits	8,247	4,851	5,357
Proceeds from issuance of long-term debt	30,665	27,192	27,330
Repayments of long-term debt	(31,350)	(30,426)	(31,892)
Proceeds from issuance of common stock	—	—	1,270
Repurchase and redemption of preferred stock	(559)	—	—
Repurchase of mandatorily convertible preferred stock held by U.S. Department of Treasury and elimination of share adjustment right	—	—	(5,925)
Dividends paid	(2,571)	(268)	(810)
Net cash provided by (used in) financing activities	5,460	(145)	(3,079)
Effect of exchange-rate changes on cash and cash equivalents	(4)	(1)	45
Net increase (decrease) in cash and cash equivalents	804	45	(4,076)
Adjustment for change in cash and cash equivalents of operations held-for-sale (a) (b)	—	—	2,094
Cash and cash equivalents at beginning of year	5,576	5,531	7,513
Cash and cash equivalents at end of year	$6,380	$5,576	$5,531
Supplemental disclosures			
Cash paid for			
Interest	$2,632	$3,090	$3,827
Income taxes	96	8	75
Noncash items			
Finance receivables and loans transferred to loans held-for-sale	1,311	4,631	18
Other disclosures			
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	68	38	51

(a) The amounts are net of cash and cash equivalents of $1.6 billion at December 31, 2013, of business units at the time of disposition.

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

The Notes to the Consolidated Financial Statements are an integral part of these statements.

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

Ally Financial Inc. (referred to herein as Parent, Ally, we, our, or us) is a leading, independent, diversified, financial services firm. Founded in 1919, we are a leading financial services company with over 95 years of experience providing a broad array of financial products and services, primarily to automotive dealers and their retail customers. We operate as a financial holding company (FHC) and a bank holding company (BHC). Our banking subsidiary, Ally Bank, is an indirect, wholly-owned subsidiary of Ally Financial Inc. and a leading franchise in the growing direct (internet, telephone, mobile, and mail) banking market.

Consolidation and Basis of Presentation

The Consolidated Financial Statements include the accounts of the Parent and its consolidated subsidiaries, to which it is deemed to possess control, after eliminating intercompany balances and transactions, and include all variable interest entities (VIEs) in which we are the primary beneficiary. Other entities in which we have invested and have the ability to exercise significant influence over operating and financial policies of the investee, but upon which we do not possess control, are accounted for by the equity method of accounting within the financial statements and they are therefore not consolidated. Refer to Note 10 for further details on our VIEs. Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. Certain reclassifications may have been made to the prior periods' financial statements and notes to conform to the current period's presentation, which did not have a material impact on our Consolidated Financial Statements.

In the past, we have operated our international subsidiaries in a similar manner as we operate in the United States of America (U.S. or United States), subject to local laws or other circumstances that may cause us to modify our procedures accordingly. The financial statements of subsidiaries that operate outside of the United States generally are measured using the local currency as the functional currency. All assets and liabilities of foreign subsidiaries are translated into U.S. dollars at year-end exchange rates. The resulting translation adjustments are recorded in accumulated other comprehensive income until the foreign subsidiaries are sold or substantially liquidated at which point the accumulated translation adjustments are recognized directly in earnings as part of the gain or loss on sale or liquidation. Income and expense items are translated at average exchange rates prevailing during the reporting period. The majority of our international operations have ceased and are included in discontinued operations.

Use of Estimates and Assumptions

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and that affect income and expenses during the reporting period and related disclosures. In developing the estimates and assumptions, management uses all available evidence; however, actual results could differ because of uncertainties associated with estimating the amounts, timing, and likelihood of possible outcomes. Our most significant estimates pertain to the allowance for loan losses, valuations of automotive lease assets and residuals, fair value of financial instruments, legal and regulatory reserves, and the determination of the provision for income taxes.

Significant Accounting Policies

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash on deposit at other financial institutions, cash items in process of collection, and certain highly liquid investments with maturities of three months or less from the date of purchase. Cash and cash equivalents that have restrictions on our ability to withdraw the funds are included in other assets on our Consolidated Balance Sheet. The book value of cash equivalents approximates fair value because of the short maturities of these instruments and the insignificant risk they present to changes in value with respect to changes in interest rates. Certain securities with original maturities of three months or less from the date of purchase that are held as a portion of longer-term investment portfolios, primarily held by our Insurance operations, are classified as investment securities.

Investments

Our portfolio of investments includes various debt and marketable equity securities and nonmarketable equity investments. Debt and marketable equity securities are classified based on management's intent to sell or hold the security. Our debt and marketable equity securities include government securities, corporate bonds, asset-backed securities (ABS), mortgage-backed securities (MBS), equity securities and other investments. Our portfolio currently includes securities classified as available-for-sale, which are carried at fair value with unrealized gains and losses included in accumulated other comprehensive income or loss.

We amortize premiums and discounts on debt securities as an adjustment to investment yield generally over the stated maturity of the security. For ABS and MBS where prepayments can be reasonably estimated, amortization is adjusted for expected prepayments.

Additionally, we assess our debt and marketable equity securities for potential other-than-temporary impairment. We employ a methodology that considers available evidence in evaluating potential other-than-temporary impairment of our debt and marketable equity securities classified as available-for-sale. If the cost of an investment exceeds its fair value, we evaluate, among other factors, the magnitude and duration of the decline in fair value. We also evaluate the financial health of and business outlook for the issuer, the performance of the underlying assets for interests in securitized assets, and our intent and ability to hold the investment through recovery of its amortized cost basis.

Once a decline in fair value of a debt security is determined to be other-than-temporary, an impairment charge for the credit component is recorded to other gain (loss) on investments, net, in our Consolidated Statement of Income, and a new cost basis in the investment is established. Noncredit component losses of a debt security are recorded in other comprehensive income (loss) when we do not intend to sell the security and it is not more likely than not that we will have to sell the security prior to the security's anticipated recovery. Unrealized losses that we have determined to be other-than-temporary on equity securities are recorded to other gain (loss) on investments, net in our Consolidated Statement of Income. Subsequent increases and decreases to the fair value of available-for-sale debt and equity securities are included in other comprehensive income (loss), so long as they are not attributable to another other-than-temporary impairment.

Realized gains and losses on investment securities are reported in other gain (loss) on investments, net, and are determined using the specific identification method. For information on our debt and marketable equity securities, refer to Note 6.

In addition to our investment securities, we hold nonmarketable equity investments. Our nonmarketable equity investments are carried at cost less any previously recognized impairment, reported in other assets, and include Federal Home Loan Bank (FHLB) stock held to meet regulatory requirements, certain equity investments in low income housing tax credits, and other equity investments that are not publicly traded and therefore do not have a readily determinable fair value. As conditions warrant, we review our investments carried at cost for impairment and will adjust the carrying value of the investment if it is deemed to be impaired. No impairment was recognized in 2015 or 2014. For more information on our nonmarketable equity investments, refer to Note 25.

Finance Receivables and Loans

Finance receivables and loans are reported at their gross carrying value which includes the principal amount outstanding, net of unamortized deferred fees and costs on originated loans, unamortized premiums and discounts on purchased loans, unamortized basis adjustments arising from the designation of finance receivables and loans as the hedged item in qualifying fair value hedge relationships, and cumulative principal charge-offs. We refer to the gross carrying value less the allowance for loan loss as the net carrying value in finance receivables and loans. Unearned rate support received from an automotive manufacturer on certain automotive loans, deferred origination fees and costs, and premiums and discounts on purchased loans, are amortized over the contractual life of the related finance receivable or loan using the effective interest method. We make various incentive payments for consumer automotive loan originations to automotive dealers and account for these payments as direct loan origination costs. Additionally, we make incentive payments to certain commercial automobile wholesale borrowers and account for these payments as a reduction to interest income in the period they are earned. Loan commitment fees are generally deferred and amortized over the commitment period. For information on finance receivables and loans, refer to Note 8.

We initially classify finance receivables and loans as either loans held-for-sale or loans held-for-investment based on management's assessment of our intent and ability to hold loans for the foreseeable future or until maturity. Management's view of the foreseeable future is based on the longest reasonably reliable net income, liquidity, and capital forecast period. Management's intent and ability with respect to certain loans may change from time to time depending on a number of factors, for example economic, liquidity, and capital conditions. In order to reclassify loans to held-for-sale, management must have the intent to sell the loans and reasonably identify the specific loans to be sold. Loans classified as held-for-sale are carried at the lower of their net carrying value or fair value, unless the fair value option was elected, in which case those loans are carried at fair value. Interest income is recognized based upon the contractual rate of interest on the loan and the unpaid principal balance. We report accrued interest receivable on finance receivables and loans in other assets on the Consolidated Balance Sheet.

Our portfolio segments are based on the level at which we develop and document our methodology for determining the allowance for loan losses. Additionally, the classes of finance receivables are based on several factors including the method for monitoring and assessing credit risk, the method of measuring carrying value, and the risk characteristics of the finance receivable. Based on an evaluation of our process for developing the allowance for loan losses including the nature and extent of exposure to credit risk arising from finance receivables, we have determined our portfolio segments to be consumer automotive, consumer mortgage, and commercial.

- Consumer automotive — Consists of retail automotive financing for new and used vehicles.
- Consumer mortgage — Consists of first mortgage, subordinate-lien mortgages and home equity loans.
- Commercial — Consists of the following classes of finance receivables.
- Commercial and Industrial
- Automotive — Consists of financing operations to fund dealer purchases of new and used vehicles through wholesale or floorplan financing. Additional commercial offerings include automotive dealer term loans, revolving lines of credit, and dealer fleet financing.
- Other — Consists of senior secured leveraged cash flow and asset based loans.
- Commercial Real Estate — Automotive — Consists of term loans to finance dealership land and buildings.

Nonaccrual Loans

Generally, we recognize loans of all classes as past due when they are 30 days delinquent on making a contractually required payment, and loans are placed on nonaccrual status when principal or interest has been delinquent for 90 days or when full collection is not expected.

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Interest income recognition is suspended when finance receivables and loans are placed on nonaccrual status. Additionally, amortization of premiums and discounts and deferred fees and costs ceases when finance receivables and loans are placed on nonaccrual. Exceptions include commercial real estate loans that are placed on nonaccrual status when delinquent for 60 days or when full collection is not probable, if sooner. Additionally, our policy is to generally place all loans that have been modified in troubled debt restructurings (TDRs) on nonaccrual status until the loan has been brought fully current, the collection of contractual principal and interest is reasonably assured, and six consecutive months of repayment performance is achieved. In certain cases, if a borrower has been current up to the time of the modification and repayment of the debt subsequent to the modification is reasonably assured, we may choose to continue to accrue interest on the loan.

Loans on nonaccrual are reported as nonperforming loans in Note 8. The receivable for interest income that is accrued, but not collected, at the date finance receivables and loans are placed on nonaccrual status is reversed against interest income and subsequently recognized only to the extent it is received in cash or until it qualifies for return to accrual status. However, where there is doubt regarding the ultimate collectability of loan principal, all cash received is applied to reduce the carrying value of such loans. Generally, finance receivables and loans are restored to accrual status only when contractually current and the collection of future payments is reasonably assured.

Impaired Loans

Loans of all classes are considered impaired when we determine it is probable that we will be unable to collect all amounts due (both principal and interest) according to the terms of the loan agreement.

For all classes of consumer loans, impaired loans include all loans that have been modified in TDRs.

Commercial loans of all classes are considered impaired on an individual basis and reported as impaired when we determine it is probable that we will be unable to collect all amounts due according to the terms of the loan agreement.

With the exception of certain consumer TDRs that have been returned to accruing status, for all classes of impaired loans, income recognition is consistent with that of nonaccrual loans discussed above. Impaired loans may return to accrual status as discussed in the preceding nonaccrual loan section at which time, the normal accrual of interest income resumes. For collateral dependent loans, if the recorded investment in impaired loans exceeds the fair value of the collateral, a charge-off is recorded consistent with the TDR discussion below.

Troubled Debt Restructurings

When the terms of finance receivables or loans are modified, consideration must be given as to whether or not the modification results in a TDR. A modification is considered to be a TDR when both a) the borrower is experiencing financial difficulty and b) we grant a concession to the borrower. These considerations require significant judgment and vary by portfolio segment. In all cases, the cumulative impacts of all modifications are considered at the time of the most recent modification.

For consumer loans of all classes, various qualitative factors are utilized for assessing the financial difficulty of the borrower. These include, but are not limited to, the borrower's default status on any of its debts, bankruptcy and recent changes in financial circumstances (loss of job, etc.). A concession has been granted when as a result of the modification we do not expect to collect all amounts due, including interest accrued at the original contract rate. Types of modifications that may be considered concessions include, but are not limited to, extensions of terms at a rate that does not constitute a market rate, a reduction, deferral or forgiveness of principal or interest owed and loans that have been discharged in a Chapter 7 Bankruptcy and have not been reaffirmed by the borrower.

In addition to the modifications noted above, in our consumer automotive portfolio segment of loans we also provide extensions or deferrals of payments to borrowers whom we deem to be experiencing only temporary financial difficulty. In these cases, there are limits within our operational policies to minimize the number of times a loan can be extended, as well as limits to the length of each extension, including a cumulative cap over the life of the loan. Before offering an extension or deferral, we evaluate the capacity of the customer to make the scheduled payments after the deferral period. During the deferral period, we continue to accrue and collect interest on the loan as part of the deferral agreement. We grant these extensions or deferrals when we expect to collect all amounts due including interest accrued at the original contract rate.

A restructuring that results in only a delay in payment that is deemed to be insignificant is not a concession and the modification is not considered to be a TDR. In order to assess whether a restructuring that results in a delay in payment is insignificant, we consider the amount of the restructured payments subject to delay in conjunction with the unpaid principal balance or the collateral value of the loan, whether or not the delay is significant with respect to the frequency of payments under the original contract, or the loan's original expected duration. In the cases where payment extensions on our automotive loan portfolio cumulatively extend beyond 90 days and are more than 10% of the original contractual term or where the cumulative payment extension is beyond 180 days, we deem the delay in payment to be more than insignificant, and as such, classify these types of modifications as TDRs. Otherwise, we believe that the modifications do not represent a concessionary modification and accordingly, they are not classified as TDRs.

For commercial loans of all classes, similar qualitative factors are considered when assessing the financial difficulty of the borrower. In addition to the factors noted above, consideration is also given to the borrower's forecasted ability to service the debt in accordance with the contractual terms, possible regulatory actions and other potential business disruptions (e.g., the loss of a significant customer or other revenue stream). Consideration of a concession is also similar for commercial loans. In addition to the factors noted above, consideration is also given to whether additional guarantees or collateral have been provided.

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For all loans, TDR classification typically results from our loss mitigation activities. For loans held-for-investment that are not carried at fair value and are TDRs, impairment is typically measured based on the difference between the gross carrying value of the loan and the present value of the expected future cash flows of the loan. The loan may also be measured for impairment based on the fair value of the underlying collateral less costs to sell for loans that are collateral dependent. We recognize impairment by either establishing a valuation allowance or recording a charge-off. The financial impacts of modifications that meet the definition of a TDR are reported in the period in which they are identified as TDRs. Additionally, if a loan that is classified as a TDR redefaults within twelve months of the modification, we are required to disclose the instances of redefault. For the purpose of this disclosure, we have determined that a loan is considered to have redefaulted when the loan meets the requirements for evaluation under our charge-off policy except for commercial loans where redefault is defined as 90 days past due. Impaired loans may return to accrual status as discussed in the preceding nonaccrual loan section at which time, the normal accrual of interest income resumes.

Net Charge-offs

We disclose the measurement of net charge-offs as the amount of gross charge-offs recognized less recoveries received. Gross charge-offs reflect the amount of the gross carry value directly written-off. Generally, we recognize recoveries when they are received and record them as a reduction to provision for loan losses. As a general rule, consumer automotive loans are written down to estimated collateral value, less costs to sell, once a loan becomes 120 days past due. In our consumer mortgage portfolio segment, first-lien mortgages and a subset of our home equity portfolio that are secured by real estate in a first-lien position are written down to the estimated fair value of the collateral, less costs to sell, once a mortgage loan becomes 180 days past due. Consumer mortgage loans that represent second-lien positions are charged off at 180 days past due. Consumer mortgage loans within our second-lien portfolio in bankruptcy that are 60 days past due are fully charged off within 60 days of receipt of notification of filing from the bankruptcy court. Consumer automotive and first-lien consumer mortgage loans in bankruptcy that are 60 days past due are written down to the estimated fair value of the collateral, less costs to sell, within 60 days of receipt of notification of filing from the bankruptcy court. Regardless of other timelines noted within this policy, loans are considered collateral dependent once foreclosure or repossession proceedings begin and are charged-off to the estimated fair value of the underlying collateral, less costs to sell at that time.

Commercial loans are individually evaluated and where collectability of the recorded balance is in doubt are written down to the estimated fair value of the collateral less costs to sell. Generally, all commercial loans are charged-off when it becomes unlikely that the borrower is willing or able to repay the remaining balance of the loan and any underlying collateral is not sufficient to recover the outstanding principal. Collateral dependent loans are charged-off to the fair market value of collateral less costs to sell when appropriate and noncollateral dependent loans are fully written-off.

Allowance for Loan Losses

The allowance for loan losses (the allowance) is management's estimate of incurred losses in the lending portfolios. We determine the amount of the allowance required for each of our portfolio segments based on its relative risk characteristics. The evaluation of these factors for both consumer and commercial finance receivables and loans involves quantitative analysis combined with sound management judgment. 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, net of amounts recovered on previously charged-off accounts.

The allowance is comprised of two components: specific reserves established for individual loans evaluated as impaired and portfolio-level reserves established for large groups of typically smaller balance homogeneous loans that are collectively evaluated for impairment. We evaluate the adequacy of the allowance based on the combined total of these two components. Determining the appropriateness of the allowance is complex and requires judgment by management about the effect of matters that are inherently uncertain. It is possible that others, given the same information, may at any point in time reach different reasonable conclusions.

Measurement of impairment for specific reserves is generally determined on a loan-by-loan basis. Loans determined to be specifically impaired are measured based on the present value of expected future cash flows discounted at the loan's effective interest rate, an observable market price, or the estimated fair value of the collateral less estimated costs to sell when appropriate, whichever is determined to be the most appropriate. When these measurement values are lower than the carrying value of that loan, impairment is recognized. Loans that are not identified as individually impaired are pooled with other loans with similar risk characteristics for evaluation of impairment for the portfolio-level allowance.

For the purpose of calculating portfolio-level reserves, we have grouped our loans into three portfolio segments: consumer automotive, consumer mortgage, and commercial. The allowance consists of the combination of a quantitative assessment component based on statistical models, a retrospective evaluation of actual loss information to loss forecasts, and includes a qualitative component based on management judgment. Management takes into consideration relevant qualitative factors, including external and internal trends such as the impacts of changes in underwriting standards, collections and account management effectiveness, geographic concentrations, and economic events, among other factors, that have occurred but are not yet reflected in the quantitative assessment component. Qualitative adjustments are documented, reviewed, and approved through our established risk governance processes.

During 2015, we did not substantively change any material aspect of our overall approach used to determine the allowance for loan losses for our portfolio segments. There were no material changes in criteria or estimation techniques as compared to prior periods that impacted the determination of the current period allowance for loan losses for our portfolio segments.

Refer to Note 8 for information on the allowance for loan losses.

Consumer Loans

Our consumer automotive and consumer mortgage portfolio segments are reviewed for impairment based on an analysis of loans that are grouped into common risk categories. We perform periodic and systematic detailed reviews of our lending portfolios to identify inherent risks and to assess the overall collectability of those portfolios. Loss models are utilized for these portfolios, which consider a variety of credit quality indicators including, but not limited to, historical loss experience, current economic conditions, anticipated repossessions or foreclosures based on portfolio trends, and credit scores, and expected loss factors by loan type.

Consumer Automotive Portfolio Segment

The allowance for loan losses within the consumer automotive portfolio segment is calculated using proprietary statistical models and other risk indicators applied to pools of loans with similar risk characteristics, including credit bureau score and loan-to-value ratios to arrive at an estimate of incurred losses in the portfolio. These statistical loss forecasting models are utilized to estimate incurred losses and consider a variety of factors including, but not limited to, historical loss experience, estimated defaults based on portfolio trends, and general economic and business trends. These statistical models predict forecasted losses inherent in the portfolio.

The forecasted losses consider historical factors such as frequency (the number of contracts that we expect to default) and loss severity (the loss amount of contracts we expect to default). The loss severity within the consumer automotive portfolio segment is impacted by the market values of vehicles that are repossessed. Vehicle market values are affected by numerous factors including vehicle supply, the condition of the vehicle upon repossession, the overall price and volatility of gasoline or diesel fuel, consumer preference related to specific vehicle segments, and other factors.

The quantitative assessment component may be supplemented with qualitative reserves based on management's determination that such adjustments provide a better estimate of credit losses. This qualitative assessment takes into consideration relevant internal and external factors that have occurred but are not yet reflected in the forecasted losses and may affect the performance of the portfolio.

Consumer Mortgage Portfolio Segment

The allowance for loan losses within the consumer mortgage portfolio segment is calculated by using proprietary statistical models based on pools of loans with similar risk characteristics, including credit score, loan-to-value, loan age, documentation type, product type, and loan purpose, to arrive at an estimate of incurred losses in the portfolio. These statistical loss forecasting models are utilized to estimate incurred losses and consider a variety of factors including, but not limited to, historical loss experience, estimated foreclosures or defaults based on portfolio trends, delinquencies, and general economic and business trends.

The forecasted losses are statistically derived based on a suite of behavioral based transition models. This transition framework predicts various stages of delinquency, default, and voluntary prepayment over the course of the life of the loan. The transition probability is a function of the loan and borrower characteristics and economic variables and considers historical factors such as frequency and loss severity. When a default event is predicted, a severity model is applied to estimate future loan losses. Loss severity within the consumer mortgage portfolio segment is impacted by the market values of foreclosed properties, which is affected by numerous factors, including geographic considerations and the condition of the foreclosed property.

The quantitative assessment component may be supplemented with qualitative reserves based on management's determination that such adjustments provide a better estimate of credit losses. This qualitative assessment takes into consideration relevant internal and external factors that have occurred but are not yet reflected in the forecasted losses and may affect the performance of the portfolio.

Commercial Loans

The allowance for loan losses within the commercial portfolio is comprised of reserves established for specific loans evaluated as impaired and portfolio-level reserves based on nonimpaired loans grouped into pools based on similar risk characteristics and collectively evaluated.

A commercial 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. 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. 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 loan's effective interest rate, observable market price or the fair value of collateral, whichever is determined to be the most appropriate. Estimated costs to sell or realize the value of the collateral on a discounted basis are included in the impairment measurement, when appropriate.

Loans not identified as impaired are grouped into pools based on similar risk characteristics and collectively evaluated. Our risk rating models use historical loss experience, concentrations, current economic conditions, and performance trends. 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. In assessing the risk rating of a particular loan, several factors are considered including an evaluation of historical and current information involving subjective assessments and interpretations. In addition, the allowance

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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.

The quantitative assessment component may be supplemented with qualitative reserves based on management's determination that such adjustments provide a better estimate of credit losses. This qualitative assessment takes into consideration relevant internal and external factors that have occurred but are not yet reflected in the forecasted losses and may affect the performance of the portfolio.

Securitizations and Variable Interest Entities

We securitize, transfer, and service consumer and commercial automotive loans and operating leases. Securitization transactions typically involve the use of VIEs and are accounted for either as sales or secured borrowings. We may retain economic interests in the securitized and sold assets, which are generally retained in the form of senior or subordinated interests, interest- or principal-only strips, cash reserves, residual interests, and servicing rights.

In order to conclude whether or not a variable interest entity is required to be consolidated, careful consideration and judgment must be given to our continuing involvement with the variable interest entity. In circumstances where we have both the power to direct the activities of the entity that most significantly impact the entity's performance and the obligation to absorb losses or the right to receive benefits of the entity that could be significant, we would conclude that we would consolidate the entity, which would also preclude us from recording an accounting sale on the transaction. In the case of a consolidated variable interest entity, the accounting is consistent with a secured borrowing, (e.g., we continue to carry the loans and we record the related securitized debt on our Consolidated Balance Sheet).

In transactions where we are not determined to be the primary beneficiary of the VIE, we then must determine whether or not we achieve a sale for accounting purposes. In order to achieve a sale for accounting purposes, the assets being transferred must be legally isolated, not be constrained by restrictions from further transfer, and be deemed to be beyond our control. If we were to fail any of the three criteria for sale accounting, the accounting would be consistent with the preceding paragraph (i.e., a secured borrowing). Refer to Note 10 for discussion on VIEs.

Gains or losses on off-balance sheet securitizations take into consideration the fair value of the retained interests including the value of certain servicing assets or liabilities, if any, which are initially recorded at fair value at the date of sale. The estimate of the fair value of the retained interests and servicing requires us to exercise significant judgment about the timing and amount of future cash flows from the interests. Refer to Note 25 for a discussion of fair value estimates.

Gains or losses on off-balance sheet securitizations and sales are reported in gain (loss) on mortgage and automotive loans, net, in our Consolidated Statement of Income. Retained interests, as well as any purchased securities, are generally included in available-for-sale investment securities and follow the accounting as described above or are classified in other assets. Retained interests that are included in other assets are reported at fair value and include cash reserves and certain noncertificated residual interests.

We retain servicing responsibilities for all of our consumer and commercial automotive loan and operating lease securitizations. We may receive servicing fees for off-balance sheet securitizations based on the securitized loan balances and certain ancillary fees, all of which are reported in servicing fees in the Consolidated Statement of Income. Typically, the fee we are paid for servicing consumer automotive finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability.

Whether on- or off-balance sheet, the investors in the securitization trusts generally have no recourse to our assets outside of customary market representation and warranty repurchase provisions.

Repossessed and Foreclosed Assets

Assets are classified as repossessed and foreclosed and included in other assets when physical possession of the collateral is taken, which includes the transfer of title through foreclosure or other similar proceedings. Repossessed and foreclosed assets are carried at the lower of the outstanding balance at the time of repossession or foreclosure or the fair value of the asset less estimated costs to sell. Losses on the revaluation of repossessed and foreclosed assets are recognized as a charge-off of the allowance for loan losses at the time of repossession. Declines in value after repossession are charged to other operating expenses for loans and depreciation expense for operating lease assets as incurred.

Investment in Operating Leases

Investment in operating leases, net represents the automobiles that are underlying the automotive lease contracts and is reported at cost, less accumulated depreciation and net of impairment charges and origination fees or costs. Depreciation of vehicles is recorded on a straight-line basis to an estimated residual value over the lease term. Manufacturer support payments that we receive upfront are treated as a reduction to the cost-basis in the underlying lease asset, which has the effect of reducing depreciation expense over the life of the contract. We periodically evaluate our depreciation rate for leased vehicles based on expected residual values and adjust depreciation expense over the remaining life of the lease if deemed appropriate. Income from operating lease assets that includes lease origination fees, net of lease origination costs, is recognized as operating lease revenue on a straight-line basis over the scheduled lease term.

We have significant investments in the residual values of the assets in our operating lease portfolio. The residual values represent an estimate of the values of the assets at the end of the lease contracts. At contract inception, we determine pricing based on the projected residual value of the lease vehicle. This evaluation is primarily 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

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used vehicle supply. This internally-generated data is compared against third party, independent data for reasonableness and analysis. Realization of the residual values is dependent on our future ability to market the vehicles under the prevailing market conditions. Over the life of the lease, we evaluate the adequacy of our estimate of the residual value and may make adjustments to the depreciation rates to the extent the expected value of the vehicle at lease termination changes. In addition to estimating the residual value at lease termination, we also evaluate the current value of the operating lease asset and test for impairment to the extent necessary based on market considerations and portfolio characteristics. Impairment is determined to exist if fair value of the leased asset is less than carrying value and it is determined that the net carrying value is not recoverable. The net carrying value of a leased asset is not recoverable if it exceeds the sum of the undiscounted expected future cash flows expected to result from the lease payments and the estimated residual value upon eventual disposition. No impairment was recognized in 2015, 2014, or 2013. If our operating lease assets are considered to be impaired, the impairment is measured as the amount by which the carrying amount of the assets exceeds the fair value as estimated by discounted cash flows. We accrue rental income on our operating leases when collection is reasonably assured. We generally discontinue the accrual of revenue on operating leases at the time an account is determined to be uncollectible, at the earliest of time of repossession, within 60 days of bankruptcy notification and greater than 60 days past due, or greater than 120 days past due.

When a lease vehicle is returned to us, the asset is reclassified from investment in operating leases, net, to other assets and recorded at the lower-of-cost or estimated fair value, less costs to sell, on our Consolidated Balance Sheet.

Impairment of Long-lived Assets

The net carrying value of long-lived assets (including property and equipment) are evaluated for impairment whenever events or changes in circumstances indicate that their net carrying values may not be recoverable from the estimated undiscounted future cash flows expected to result from their use and eventual disposition. Recoverability of assets to be held and used is measured by a comparison of their net carrying amount to future net undiscounted cash flows expected to be generated by the assets. If these assets are considered to be impaired, the impairment is measured as the amount by which the net carrying amount of the assets exceeds the fair value estimated using a discounted cash flow method. No material impairment was recognized in 2015, 2014, or 2013.

An impairment test on an asset group to be sold or otherwise disposed of is performed upon occurrence of a triggering event or when certain criteria are met (e.g., the asset is planned to be disposed of within twelve months, appropriate levels of authority have approved the sale, there is an active program to locate a buyer, etc.), which cause the disposal group to be classified as held-for-sale. Long-lived assets held-for-sale are recorded at the lower of their carrying amount or estimated fair value less cost to sell. If the net carrying value of the assets held-for-sale exceeds the fair value less cost to sell, we recognize an impairment loss based on the excess of the net carrying amount over the fair value of the assets less cost to sell. Refer to Note 2 for a discussion of discontinued and held-for-sale operations.

Property and Equipment

Property and equipment stated at cost, net of accumulated depreciation and amortization, are reported in other assets on our Consolidated Balance Sheet. Included in property and equipment are certain buildings, furniture and fixtures, leasehold improvements, company vehicles, IT hardware and software, and capitalized software costs. Depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which generally ranges from three to thirty years. Capitalized software is generally amortized on a straight-line basis over its useful life, which generally ranges from three to five years. Capitalized software that is not expected to provide substantive service potential or for which development costs significantly exceed the amount originally expected is considered impaired and written down to fair value. Software expenditures that are considered general, administrative, or of a maintenance nature are expensed as incurred.

Unearned Insurance Premiums and Service Revenue

Insurance premiums, net of premiums ceded to reinsurers, and service revenue are earned over the terms of the policies. The portion of premiums and service revenue written applicable to the unexpired terms of the policies is recorded as unearned insurance premiums or unearned service revenue. For extended service and maintenance contracts, premiums and service revenues are earned on a basis proportionate to the anticipated cost emergence. For other short duration contracts, premiums and unearned service revenue are earned on a pro rata basis. For further information, refer to Note 3.

Deferred Policy Acquisition Costs

Certain commissions, that are primarily related to and vary with the production of business, are deferred and recorded in other assets. Deferred policy acquisition costs are amortized over the terms of the related policies and service contracts on the same basis as premiums and service revenue are earned. We group costs incurred for acquiring like contracts and consider anticipated investment income in determining the recoverability of these costs.

Reserves for Insurance Losses and Loss Adjustment Expenses

Reserves for insurance losses and loss adjustment expenses are reported in accrued expenses and other liabilities on our Consolidated Balance Sheet. They are established for the unpaid cost of insured events that have occurred as of a point in time. More specifically, the reserves for insurance losses and loss adjustment expenses 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. Estimates for salvage and subrogation recoverable are recognized at the time losses are incurred and netted against the provision for insurance losses and loss adjustment expenses. Reserves are established for each business at the lowest meaningful level of homogeneous data. Since the reserves are based on estimates, the ultimate liability may vary from such estimates. The estimates are regularly reviewed and adjustments, which can potentially be significant, are included in earnings in the period in which they are deemed necessary.

Legal and Regulatory Reserves

Reserves for legal and regulatory matters are established when those matters present loss contingencies that are both probable and estimable, with a corresponding amount recorded to other operating expense. In cases where we have an accrual for losses, it is our policy to include an estimate for probable and estimable legal expenses related to the case. If, at the time of evaluation, the loss contingency related to a legal or regulatory matter is not both probable and estimable, we do not establish an accrued liability. We continue to monitor legal and regulatory matters for further developments that could affect the requirement to establish a liability or that may impact the amount of a previously established liability. There may be exposure to loss in excess of any amounts recognized. For certain other matters where the risk of loss is determined to be reasonably possible, estimable, and material to the financial statements, disclosure regarding details of the matter and an estimated range of loss is required. The estimated range of possible loss does not represent our maximum loss exposure. Financial statement disclosure is also required for matters that are deemed probable or reasonably possible, material to the financial statements, but for which an estimated range of loss is not possible to determine. While we believe our reserves are adequate, the outcome of legal and regulatory proceedings is extremely difficult to predict and we may settle claims or be subject to judgments for amounts that differ from our estimates. For information regarding the nature of all material contingencies, refer to Note 30.

Earnings per Common Share

We compute basic earnings (loss) per common share by dividing net income (loss) from continuing operations attributable to common shareholders after deducting dividends on preferred stock by the weighted-average number of common shares outstanding during the period. We compute diluted earnings (loss) per common share by dividing net income (loss) from continuing operations after deducting dividends on preferred stock by the weighted-average number of common shares outstanding during the period plus the dilution resulting from incremental shares that would have been outstanding if the dilutive potential common shares had been issued (assuming it does not have the effect of antidilution), if applicable.

Derivative Instruments and Hedging Activities

We primarily use derivative instruments for risk management purposes. Some of our derivative instruments are designated in qualifying hedge accounting relationships; other derivative instruments do not qualify for hedge accounting or are not elected to be designated in a qualifying hedging relationship. In accordance with applicable accounting standards, all derivative instruments, whether designated for hedge accounting or not, are required to be recorded on the balance sheet as assets or liabilities and measured at fair value. Additionally, we have elected to report the fair value amounts recognized for derivative financial instruments, including the fair value amounts recognized for the right to reclaim cash collateral or the obligation to return cash collateral arising from derivative instruments recognized at fair value executed with the same counterparty under a master netting arrangement, on the Consolidated Balance Sheet on a gross basis where we do not have the intent to offset. For additional information on derivative instruments and hedging activities, refer to Note 22.

At inception of a hedge accounting relationship, we designate each qualifying derivative financial instrument as a hedge of the fair value of a specifically identified asset or liability (fair value hedge); as a hedge of the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge); or as a hedge of the foreign-currency exposure of a net investment in a foreign operation (net investment hedge). We formally document all relationships between hedging instruments and hedged items and risk management objectives for undertaking various hedge transactions. Both at the hedge's inception and on an ongoing basis, we formally assess whether the derivatives that are used in hedging relationships are highly effective in offsetting changes in fair values or cash flows of hedged items.

Changes in the fair value of derivative instruments that are designated and qualify as fair value hedges, along with the gain or loss on the hedged asset or liability attributable to the hedged risk, are recorded in the current period earnings. For qualifying cash flow hedges, the effective portion of the change in the fair value of the derivative financial instruments is recorded in accumulated other comprehensive income, and recognized in the income statement when the hedged cash flows affect earnings. For a qualifying net investment hedge, the gain or loss is reported in accumulated other comprehensive income as part of the cumulative translation adjustment. The ineffective portions of fair value, cash flow, and net investment hedges are immediately recognized in earnings, along with the portion of the change in fair value that is excluded from the assessment of hedge effectiveness, if any.

The hedge accounting treatment described herein is no longer applied if a derivative financial instrument is terminated or the hedge designation is removed or is assessed to be no longer highly effective. For these terminated fair value hedges, any changes to the hedged asset or liability remain as part of the basis of the hedged asset or liability and are recognized into income over the remaining life of the asset or liability. For terminated cash flow hedges, unless it is probable that the forecasted cash flows will not occur within a specified period, any changes in fair value of the derivative financial instrument previously recognized remain in accumulated other comprehensive income, and are reclassified into earnings in the same period that the hedged cash flows affect earnings. The previously recognized gain or loss for a net investment hedge continues to remain in accumulated other comprehensive income until earnings are impacted by sale or liquidation of the associated foreign operation. In all instances, after hedge accounting is no longer applied, any subsequent changes in fair value of the derivative instrument will be recorded into earnings.

Changes in the fair value of derivative financial instruments held for risk management purposes that are not designated for hedge accounting under GAAP are reported in current period earnings.

Income Taxes

Our income tax expense, deferred tax assets and liabilities, and reserves for unrecognized tax benefits reflect management's best assessment of estimated future taxes to be paid. We are subject to income taxes predominantly in the United States. Significant judgments and estimates are required in determining the 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 financial operations. In projecting future taxable income, we begin with historical results adjusted for the results of discontinued operations and changes in accounting policies and incorporate assumptions including the amount of future state, federal and foreign pretax operating income, the reversal of temporary differences, and the implementation of feasible and prudent tax planning strategies.

We recognize the financial statement effects of uncertain income tax positions when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. Also, we recognize accrued interest and penalties related to liabilities for uncertain income tax positions in interest expense and other operating expenses, respectively. For additional information regarding our provision for income taxes, refer to Note 23.

Share-based Compensation

Under accounting guidance for share-based compensation, compensation cost recognized includes the cost of share-based awards. For equity classified share-based awards, compensation cost is ratably charged to expense based on the grant date fair value of the awards over the applicable service periods. For liability classified share-based awards, the associated liability is remeasured quarterly at fair value until they are paid, with changes in fair value charged to compensation expense in the period in which the change occurs. Refer to Note 24 for a discussion of our share-based compensation plans.

Foreign Exchange

Foreign-denominated assets and liabilities resulting from foreign-currency transactions are valued using period-end foreign-exchange rates and the results of operations and cash flows are determined using approximate weighted average exchange rates for the period. Translation adjustments are related to foreign subsidiaries using local currency as their functional currency and are reported as a separate component of accumulated other comprehensive income. We may elect to enter into foreign-currency derivatives to mitigate our exposure to changes in foreign-exchange rates. Refer to the Derivative Instruments and Hedging Activities section above for a discussion of our hedging activities of the foreign-currency exposure of a net investment in a foreign operation.

Recently Adopted Accounting Standards

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

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

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

As of January 1, 2015, we adopted ASU 2014-08. The amendments in this ASU modify the requirements for the reporting of discontinued operations. In order to qualify as a discontinued operation, the disposal of a component of an entity, a group of components, or a business of an entity must represent a strategic shift that has (or will have) a major effect on an entity's operations and financial results. The ASU further indicates that the timing for recording a discontinued operation is when one of the following occurs: the component, group of components, or business meets the criteria to be classified as held-for-sale; the component, group of components, or business is disposed of by sale; or the component, group of components, or business is disposed of other than by sale (for example abandonment or spinoff). In addition, the ASU also requires additional disclosure items about an entity's discontinued operations. The amendments were applied prospectively solely to newly identified disposals that qualify as discontinued operations after the effective date. Items previously reported as discontinued operations maintain their classification based on the prior guidance. The adoption of this guidance did not have a material effect on our consolidated financial condition or results of operations.

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

As of January 1, 2015, we adopted ASU 2014-11. The amendments in this ASU change the accounting for repurchase-to-maturity transactions and repurchase financing transactions such that both will be reported as secured borrowings. In addition to the changes to how these transactions are reported, the ASU also includes new disclosure requirements. The amendments were applied to all transactions that fall under the guidance as of the date of adoption with a cumulative effect adjustment recorded on the date of initial adoption. The adoption of this guidance did not have a material effect on our consolidated financial condition or results of operations.

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Imputation of Interest — Simplifying the Presentation of Debt Issuance Costs (ASU 2015-03) and Imputation of Interest — Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements (ASU 2015-15)

As of December 31, 2015, we adopted ASU 2015-03 and ASU 2015-15. The amendments in ASU 2015-03 require that debt issuance costs be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. Historically, debt issuance costs were presented as a deferred charge and were therefore presented as an asset. The amendments in ASU 2015-15 codified comments made by the SEC that costs associated with revolving lines of credit may continue to be presented as an asset subsequent to the adoption of the guidance in ASU 2015-03. The amendments were applied retrospectively to all periods presented. The impact of adopting the standard was a reduction to other assets of $190 million and $197 million, a reduction to long-term debt of $168 million and $178 million and a reduction to interest-bearing deposit liabilities of $22 million and $19 million at December 31, 2015, and December 31, 2014, respectively.

Recently Issued Accounting Standards

Revenue from Contracts with Customers (ASU 2014-09) and Revenue from Contracts with Customers — Deferral of the Effective Date (ASU 2015-14)

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09. The purpose of this guidance is to streamline and consolidate existing revenue recognition principles in GAAP and to converge revenue recognition principles with International Financial Reporting Standards (IFRS). The core principle of the amendments is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to receive in exchange for those goods or services. The amendments include a five step process for consideration of the main principle, guidance on the accounting treatment for costs associated with a contract, and disclosure requirements related to the revenue process. As originally issued, the amendments in ASU 2014-09 were to be effective for us beginning on January 1, 2017. However, in August 2015, the FASB issued ASU 2015-14, which deferred the effective date of the guidance for us until January 1, 2018, and permitted early adoption as of the original effective date in ASU 2014-09. The amendments to the revenue recognition principles can be applied on adoption either through a full retrospective application or on a modified basis with a cumulative effect adjustment on the date of initial adoption with certain practical expedients. Management is in the process of completing a scoping assessment in order to determine the impact of the adoption of this guidance.

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

In February 2015, the FASB issued ASU 2015-02. The amendments in this update modify the requirements of consolidation with respect to entities that are or are similar in nature to limited partnerships or are VIEs. For entities that are or are similar to limited partnerships, the guidance clarifies the evaluation of kick-out rights, removes the presumption that the general partner will consolidate and generally states that such entities will be presumed to be VIEs unless proven otherwise. For VIEs, the guidance modifies the analysis related to the evaluation of servicing fees, excludes servicing fees that are deemed commensurate with the level of service required from the determination of the primary beneficiary and clarifies certain considerations related to the consolidation analysis when performing a related party assessment. The amendments are effective for us on January 1, 2016, with early adoption permitted. The amendments can be applied either through a full retrospective application or on a modified retrospective basis with a cumulative effect adjustment on the date of initial adoption. Based on our preliminary assessment within our ongoing implementation efforts, we do not believe this guidance will have a material impact on our consolidated financial condition or results of operations.

Financial Instruments — Recognition and Measurement of Financial Assets (ASU 2016-01)

In January 2016, the FASB issued ASU 2016-01. The amendments in this update modify the requirements related to the measurement of certain financial instruments in the statement of financial condition and results of operation. For equity investments (other than investments accounted for using the equity method), entities must measure such instruments at fair value with changes in fair value recognized in net income. Reporting entities may continue to elect to measure equity investments which do not have a readily determinable fair value at cost with adjustments for impairment and observable changes in price. In addition, for a liability (other than a derivative liability) that an entity measures at fair value, any change in fair value related to the instrument-specific credit risk, that is the entity’s own-credit, should be presented separately in other comprehensive income and not as a component of net income. The amendments are effective for us on January 1, 2018, with early adoption permitted solely for the instrument-instrument specific credit risk for liabilities measured at fair value. The amendments must be applied on a modified retrospective basis with a cumulative effect adjustment as of the beginning of the fiscal year of initial adoption. Management is currently evaluating the impact of the amendments. However, we do expect additional volatility in our consolidated results of operations as a result of the requirement to measure equity investments at fair value with changes in the fair value recognized in net income upon adoption.

2. Discontinued and Held-for-sale Operations

Discontinued Operations

Prior to the adoption of ASU 2014-08, which was prospectively applied only to newly identified disposals that qualified as discontinued operations beginning after January 1, 2015, we classified operations as discontinued when operations and cash flows will be eliminated from our ongoing operations and we do not expect to retain any significant continuing involvement in their operations after the respective sale or disposal transactions. For all periods presented, the operating results for these discontinued operations have been removed from continuing operations and presented separately as discontinued operations, net of tax, in the Consolidated Statement of Income. The Notes to the Consolidated Financial Statements have been adjusted to exclude discontinued operations unless otherwise noted.

Select Mortgage Operations

During the first quarter of 2013, the operations of our former subsidiary Residential Capital, LLC (ResCap) were classified as discontinued.

Select Insurance Operations

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

Select Automotive Finance Operations

During the fourth quarter of 2012, we committed to sell our operations in Europe and Latin America to General Motors Financial Company, Inc. (GMF). On the same date, we entered into an agreement with GMF to sell our 40% interest in a motor vehicle finance joint venture in China. During the first quarter of 2013, we sold our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust. During the second quarter of 2013, we completed the sale of our operations in Europe and the majority of Latin America. The transaction included European operations in Germany, the United Kingdom, Italy, Sweden, Switzerland, Austria, Belgium, France and the Netherlands, and Latin America operations in Mexico, Chile, and Colombia. During the fourth quarter of 2013, we completed the sale of our Latin American operations in Brazil.

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

Select Corporate and Other Operations

During the second quarter of 2014, we ceased operations of our Corporate Finance Group's Canadian operation, and classified this business as discontinued.

Select Financial Information

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

Year ended December 31, ($ in millions)	2015	2014	2013
Select Mortgage operations			
Total net revenue	$—	$—	$—
Pretax loss including direct costs to transact a sale (a) (b)	(7)	(4)	(1,741)
Tax benefit (c)	(3)	(87)	(592)
Select Insurance operations			
Total net revenue	$—	$—	$190
Pretax income including direct costs to transact a sale (a)	3	6	319 (d)
Tax expense (benefit) (c)	1	6	(14)
Select Automotive Finance operations			
Total net revenue	$—	$123	$572
Pretax income including direct costs to transact a sale (a)	452	129	660 (e)
Tax expense (benefit) (c)	80	7	(101)
Select Corporate and Other operations			
Total net revenue	$—	$—	$—
Pretax income	20	23	—
Tax (benefit) expense	(2)	3	—

(a) Includes certain treasury and other corporate activity recognized by Corporate and Other.
(b) Includes amounts related to our former ResCap subsidiary.

(c) Includes certain income tax activity recognized by Corporate and Other.

(d) Includes recognized pretax gain of $274 million in connection with the sale of our Mexican insurance business, ABA Seguros.

(e) Includes recognized pretax loss of $488 million in connection with the sale of our European and Latin American automotive finance operations and pretax gain of $888 million in connection with the sale of our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust.

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Held-for-sale Operations

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

3. Insurance Premiums and Service Revenue Earned

The following table is a summary of insurance premiums and service revenue written and earned.

	2015		2014		2013	
Year ended December 31, ($ in millions)	Written	Earned	Written	Earned	Written	Earned
Insurance premiums						
Direct	$313	$296	$294	$282	$270	$305
Assumed	2	16	43	54	61	58
Gross insurance premiums	315	312	337	336	331	363
Ceded	(184)	(125)	(156)	(117)	(172)	(120)
Net insurance premiums	131	187	181	219	159	243
Service revenue	846	753	842	760	838	769
Insurance premiums and service revenue written and earned	$977	$940	$1,023	$979	$997	$1,012

4. Other Income, Net of Losses

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

Year ended December 31, ($ in millions)	2015	2014	2013
Remarketing fees	$101	$112	$82
Late charges and other administrative fees	90	88	94
Income from equity-method investments	52	18	15
Mortgage processing fees and other mortgage income	—	—	81
Fair value adjustment on derivatives (a)	(8)	(31)	24
Other, net	79	93	87
Total other income, net of losses	$314	$280	$383

(a) Refer to Note 22 for a description of derivative instruments and hedging activities.

5. Other Operating Expenses

Details of other operating expenses were as follows.

Year ended December 31, ($ in millions)	2015	2014	2013
Insurance commissions	$378	$374	$370
Technology and communications	267	334	346
Lease and loan administration	126	122	173
Advertising and marketing	107	111	136
Professional services	93	100	176
Premises and equipment depreciation	82	81	81
Regulatory and licensing fees	79	87	116
Vehicle remarketing and repossession	78	83	60
Occupancy	50	47	44
Provision for legal and regulatory settlements (a)	45	4	105
Non-income taxes	29	40	35
Mortgage representation and warranty obligation, net	(13)	(10)	104
Other	184	218	235
Total other operating expenses	$1,505	$1,591	$1,981

(a) Results for the year ended December 31, 2013, include a $98 million settlement charge related to 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. Refer to Note 30 for additional details.

6. Investment Securities

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

	2015				2014			
		Gross unrealized				Gross unrealized		
December 31, ($ in millions)	Amortized cost	gains	losses	Fair value	Amortized cost	gains	losses	Fair value
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$1,760	$—	$(19)	$1,741	$1,195	$1	$(18)	$1,178
U.S. States and political subdivisions	693	24	(1)	716	389	17	—	406
Foreign government	169	8	—	177	224	8	—	232
Mortgage-backed residential (a)	10,459	52	(145)	10,366	10,431	119	(125)	10,425
Mortgage-backed commercial	486	—	(5)	481	254	—	(1)	253
Asset-backed	1,762	1	(8)	1,755	1,989	5	(3)	1,991
Corporate debt	1,213	8	(17)	1,204	734	14	(2)	746
Total debt securities (b) (c)	16,542	93	(195)	16,440	15,216	164	(149)	15,231
Equity securities	808	3	(94)	717	891	49	(34)	906
Total available-for-sale securities	$17,350	$96	$(289)	$17,157	$16,107	$213	$(183)	$16,137

(a) Residential mortgage-backed securities include agency-backed bonds totaling $7,544 million and $7,557 million at December 31, 2015, and December 31, 2014, respectively.

(b) Certain entities related to our Insurance operations are required to deposit securities with state regulatory authorities. These deposited securities totaled $14 million and $15 million at December 31, 2015, and December 31, 2014, respectively.

(c) Investment securities with a fair value of $2,506 million and $801 million at December 31, 2015, and December 31, 2014, were pledged to secure advances from the FHLB, short-term borrowings or repurchase agreements and for other purposes as required by contractual obligation or law. Under these agreements, Ally has granted the counterparty the right to sell or pledge $745 million of the underlying investment securities.

The maturity distribution of available-for-sale debt securities outstanding is summarized in the following tables. Call or prepayment options may cause actual maturities to differ from contractual maturities.

	Total		Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years	
($ in millions)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
December 31, 2015										
Fair value of available-for-sale debt securities (a)										
U.S. Treasury and federal agencies	$1,741	1.8 %	$6	5.1 %	$510	1.2 %	$1,225	2.1 %	$—	— %
U.S. States and political subdivisions	716	3.2	86	1.3	37	2.2	141	2.8	452	3.7
Foreign government	177	2.6	9	1.9	77	2.8	91	2.6	—	—
Mortgage-backed residential	10,366	2.9	—	—	33	2.1	36	2.5	10,297	2.9
Mortgage-backed commercial	481	2.0	—	—	—	—	3	2.7	478	2.0
Asset-backed	1,755	2.3	6	1.4	1,027	2.1	518	2.6	204	2.2
Corporate debt	1,204	2.9	50	3.0	713	2.5	410	3.4	31	5.4
Total available-for-sale debt securities	$16,440	2.7	$157	2.0	$2,397	2.1	$2,424	2.5	$11,462	2.9
Amortized cost of available-for-sale debt securities	$16,542		$156		$2,404		$2,436		$11,546	
December 31, 2014										
Fair value of available-for-sale debt securities (a)										
U.S. Treasury and federal agencies	$1,178	1.5 %	$7	3.0 %	$677	1.2 %	$494	1.9 %	$—	— %
U.S. States and political subdivisions	406	3.7	34	1.9	12	2.1	106	3.0	254	4.3
Foreign government	232	2.7	—	—	128	2.5	104	2.9	—	—
Mortgage-backed residential	10,425	2.6	34	3.1	58	2.1	—	—	10,333	2.6
Mortgage-backed commercial	253	1.5	—	—	30	1.8	—	—	223	1.4
Asset-backed	1,991	1.9	—	—	1,311	1.9	463	2.0	217	2.2
Corporate debt	746	3.2	33	3.1	460	2.7	216	3.8	37	5.6
Total available-for-sale debt securities	$15,231	2.5	$108	2.7	$2,676	1.9	$1,383	2.4	$11,064	2.6
Amortized cost of available-for-sale debt securities	$15,216		$108		$2,674		$1,374		$11,060	

(a) Yield is calculated using the effective yield of each security at the end of the period, weighted based on the market value. The effective yield considers the contractual coupon and amortized cost, and excludes expected capital gains and losses.

The balances of cash equivalents were $1.0 billion and $2.0 billion at December 31, 2015, and December 31, 2014, respectively, and were composed primarily of money market accounts and short-term securities, including U.S. Treasury bills.

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

Year ended December 31, ($ in millions)	2015	2014	2013
Taxable interest	$340	$336	$297
Taxable dividends	23	20	25
Interest and dividends exempt from U.S. federal income tax	18	11	3
Interest and dividends on available-for-sale securities	$381	$367	$325

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

Year ended December 31, ($ in millions)	2015	2014	2013
Gross realized gains	$184	$209	$221
Gross realized losses (a)	(15)	(14)	(21)
Other-than-temporary impairment	(14)	(14)	(20)
Other gain on investments, net	$155	$181	$180

(a) Certain available-for-sale securities were sold at a loss in 2015, 2014, and 2013 as a result of market conditions within these respective periods (e.g., a downgrade in the rating of a debt security), in accordance with our risk management policies and practices.

The table below summarizes available-for-sale securities in an unrealized loss position in accumulated other comprehensive income. Based on the assessment of whether such loses were deemed to be other than temporary, we believe that the unrealized losses are not indicative of an other-than-temporary impairment of these securities. As of December 31, 2015, we did not have the intent to sell the debt securities with an unrealized loss position in accumulated other comprehensive income, it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis, and we expect to recover the entire amortized cost basis of the securities. As of December 31, 2015, we had the ability and intent to hold equity securities with an unrealized loss position in accumulated other comprehensive income, and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. As a result, we believe that the securities with an unrealized loss position in accumulated other comprehensive income are not considered to be other-than-temporarily impaired at December 31, 2015. Refer to Note 1 for additional information related to investment securities and our methodology for evaluating potential other-than-temporary impairments.

	2015				2014			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
December 31, ($ in millions)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$1,553	$(17)	$173	$(2)	$297	$(3)	$859	$(15)
U.S. States and political subdivisions	179	(1)	—	—	50	—	—	—
Foreign government	2	—	—	—	—	—	—	—
Mortgage-backed	4,096	(43)	2,453	(107)	1,172	(10)	3,098	(116)
Asset-backed	1,402	(8)	64	—	819	(3)	8	—
Corporate debt	745	(16)	12	(1)	132	(2)	11	—
Total temporarily impaired debt securities	7,977	(85)	2,702	(110)	2,470	(18)	3,976	(131)
Temporarily impaired equity securities	534	(54)	96	(40)	231	(24)	40	(10)
Total temporarily impaired available-for-sale securities	$8,511	$(139)	$2,798	$(150)	$2,701	$(42)	$4,016	$(141)

7. Loans Held-for-Sale, Net

Loans held-for-sale represent loans that we intend to sell. The composition of loans held-for-sale, net, was as follows.

December 31, ($ in millions)	2015	2014

Consumer automotive	$—	$1,515
Consumer mortgage	—	452
Commercial and industrial — Other	105	36
Total loans held-for-sale, net	$105	$2,003

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8. Finance Receivables and Loans, Net

The composition of finance receivables and loans, net, reported at gross carrying value was as follows.

December 31, ($ in millions)	2015	2014
Consumer automotive (a)	$64,292	$56,570
Consumer mortgage (b) (c)	9,773	7,474
Commercial		
Commercial and industrial		
Automotive	31,469	30,871
Other	2,640	1,882
Commercial real estate — Automotive	3,426	3,151
Total commercial	37,535	35,904
Total finance receivables and loans (d)	$111,600	$99,948

(a) Includes $66 million and $35 million of fair value adjustment for loans in hedge accounting relationships at December 31, 2015, and December 31, 2014, respectively. Refer to Note 22 for additional information.

(b) Includes loans originated as interest-only mortgage loans of $985 million and $1.2 billion at December 31, 2015, and December 31, 2014, respectively, 34% of which are expected to start principal amortization in 2016, 21% in 2017, 2% in 2018, 2% in 2019, and 3% thereafter.

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

(d) Totals include a net increase of $110 million at December 31, 2015, compared to a net reduction of $266 million at December 31, 2014, for unearned income, unamortized premiums and discounts, and deferred fees and costs.

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	Commercial	Total
Allowance at January 1, 2015	$685	$152	$140	$977
Charge-offs	(840)	(48)	(4)	(892)
Recoveries	262	17	4	283
Net charge-offs	(578)	(31)	—	(609)
Provision for loan losses	739	1	(33)	707
Other (a)	(12)	(8)	(1)	(21)
Allowance at December 31, 2015	$834	$114	$106	$1,054
Allowance for loan losses at December 31, 2015				
Individually evaluated for impairment	$22	$44	$20	$86
Collectively evaluated for impairment	812	70	86	968
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at gross carrying value				
Ending balance	64,292	9,773	37,535	111,600
Individually evaluated for impairment	315	266	77	658
Collectively evaluated for impairment	63,977	9,507	37,458	110,942
Loans acquired with deteriorated credit quality	—	—	—	—

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

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($ in millions)	Consumer automotive	Consumer mortgage	Commercial	Total
Allowance at January 1, 2014	$673	$389	$146	$1,208
Charge-offs	(720)	(51)	(5)	(776)
Recoveries	219	8	12	239
Net charge-offs	(501)	(43)	7	(537)
Provision for loan losses	540	(69)	(14)	457
Other (a)	(27)	(125)	1	(151)
Allowance at December 31, 2014	$685	$152	$140	$977
Allowance for loan losses				
Individually evaluated for impairment	$23	$62	$21	$106
Collectively evaluated for impairment	662	90	119	871
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at gross carrying value				
Ending balance	56,570	7,473	35,904	99,947
Individually evaluated for impairment	282	336	82	700
Collectively evaluated for impairment	56,287	7,137	35,822	99,246
Loans acquired with deteriorated credit quality	1	—	—	1

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

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

December 31, ($ in millions)	2015	2014
Consumer automotive	$1,237	$4,106
Consumer mortgage	78	489
Commercial	2	36
Total sales and transfers	$1,317	$4,631

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

December 31, ($ in millions)	2015	2014
Consumer automotive	$272	$—
Consumer mortgage	4,125	857
Total purchases	$4,397	$857

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The following table presents an analysis of our past due finance receivables and loans, net, recorded at gross carrying value.

December 31, ($ in millions)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total finance receivables and loans
2015						
Consumer automotive	$1,618	$369	$222	$2,209	$62,083	$ 64,292
Consumer mortgage	97	25	83	205	9,568	9,773
Commercial						
Commercial and industrial						
Automotive	—	—	—	—	31,469	31,469
Other	—	—	—	—	2,640	2,640
Commercial real estate — Automotive	—	—	—	—	3,426	3,426
Total commercial	—	—	—	—	37,535	37,535
Total consumer and commercial	$1,715	$394	$305	$2,414	$109,186	$ 111,600
2014						
Consumer automotive	$1,340	$293	$164	$1,797	$54,773	$ 56,570
Consumer mortgage	76	25	124	225	7,248	7,473
Commercial						
Commercial and industrial						
Automotive	—	9	—	9	30,862	30,871
Other	—	—	—	—	1,882	1,882
Commercial real estate — Automotive	—	—	—	—	3,151	3,151
Total commercial	—	9	—	9	35,895	35,904
Total consumer and commercial	$1,416	$327	$288	$2,031	$97,916	$ 99,947

The following table presents the gross carrying value of our finance receivables and loans on nonaccrual status.

December 31, ($ in millions)	2015	2014
Consumer automotive	$475	$386
Consumer mortgage	128	177
Commercial		
Commercial and industrial		
Automotive	25	32
Other	44	46
Commercial real estate — Automotive	8	4
Total commercial	77	82
Total consumer and commercial finance receivables and loans	$680	$645

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

The following table presents performing and nonperforming credit quality indicators in accordance with our internal accounting policies for our consumer finance receivables and loans recorded at gross carrying value. 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 not expected. Refer to Note 1 for additional information.

	2015			2014		
December 31, ($ in millions)	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer automotive	$63,817	$475	$64,292	$56,184	$386	$56,570
Consumer mortgage	9,645	128	9,773	7,296	177	7,473

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The following table presents pass and criticized credit quality indicators based on regulatory definitions for our commercial finance receivables and loans recorded at gross carrying value.

	2015			2014		
December 31, ($ in millions)	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automotive	$29,613	$1,856	$31,469	$29,150	$1,721	$30,871
Other	2,122	518	2,640	1,509	373	1,882
Commercial real estate — Automotive	3,265	161	3,426	3,015	136	3,151
Total commercial	$35,000	$2,535	$37,535	$33,674	$2,230	$35,904

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

Impaired Loans and Troubled Debt Restructurings

Impaired Loans

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

The following table presents information about our impaired finance receivables and loans recorded at gross carrying value.

December 31, ($ in millions)	Unpaid principal balance	Gross carrying value	Impaired with no allowance	Impaired with an allowance	Allowance for impaired loans
2015					
Consumer automotive	$315	$315	$—	$315	$22
Consumer mortgage	269	266	64	202	44
Commercial					
Commercial and industrial					
Automotive	25	25	4	21	3
Other	44	44	—	44	15
Commercial real estate — Automotive	8	8	1	7	2
Total commercial	77	77	5	72	20
Total consumer and commercial finance receivables and loans	$661	$658	$69	$589	$86
2014					
Consumer automotive	$282	$282	$—	$282	$23
Consumer mortgage	340	336	86	250	62
Commercial					
Commercial and industrial					
Automotive	32	32	4	28	5
Other	46	46	—	46	15
Commercial real estate — Automotive	4	4	1	3	1
Total commercial	82	82	5	77	21
Total consumer and commercial finance receivables and loans	$704	$700	$91	$609	$106

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

	2015		2014		2013	
Year ended December 31, ($ in millions)	Average balance	Interest income	Average balance	Interest income	Average balance	Interest income
Consumer automotive	$295	$16	$317	$20	$278	$18
Consumer mortgage	280	9	873	12	908	29
Commercial						
Commercial and industrial						
Automotive	33	1	61	2	152	6
Other	41	3	59	3	72	2
Commercial real estate — Automotive	5	—	6	—	29	1
Total commercial	79	4	126	5	253	9
Total consumer and commercial finance receivables and loans	$654	$29	$1,316	$37	$1,439	$56

Troubled Debt Restructurings

TDRs are loan modifications where concessions were granted to borrowers experiencing financial difficulties. Numerous initiatives are in place to provide support to our mortgage customers in financial distress, including principal forgiveness, maturity extensions, delinquent interest capitalization, and changes to contractual interest rates. Additionally for automotive loans, we may offer several types of assistance to aid our customers, including extension of the loan maturity date and rewriting the loan terms. Total TDRs recorded at gross carrying value were $625 million at December 31, 2015, reflecting a decrease of $56 million from December 31, 2014. Refer to Note 1 for additional information.

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

	2015			2014		
Year ended December 31, ($ in millions)	Number of loans	Pre-modification gross carrying value	Post-modification gross carrying value	Number of loans	Pre-modification gross carrying value	Post-modification gross carrying value
Consumer automotive	17,222	$ 278	$ 237	17,511	$ 211	$ 187
Consumer mortgage	204	46	44	396	80	74
Commercial						
Commercial and industrial						
Automotive	—	—	—	3	23	23
Other	1	21	21	3	48	48
Commercial real estate — Automotive	1	3	3	—	—	—
Total commercial	2	24	24	6	71	71
Total consumer and commercial finance receivables and loans	17,428	$ 348	$ 305	17,913	$ 362	$ 332

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

	2015	2014

Year ended December 31, ($ in millions)	Number of loans	Gross carrying value	Charge-off amount	Number of loans	Gross carrying value	Charge-off amount
Consumer automotive	6,836	$ 82	$ 47	7,117	$ 90	$ 47
Consumer mortgage	10	1	—	27	2	1
Total consumer finance receivables and loans	6,846	$ 83	$ 47	7,144	$ 92	$ 48

At December 31, 2015, and December 31, 2014, commercial commitments to lend additional funds to borrowers owing receivables whose terms had been modified in a TDR were $2 million and $4 million, respectively.

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Concentration Risk

Consumer

We monitor our consumer loan portfolio for concentration risk across the geographies in which we lend. The highest concentrations of loans are in Texas and California, which represent an aggregate of 23.5% of our total outstanding consumer finance receivables and loans at December 31, 2015.

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.

The following table shows the percentage of total consumer finance receivables and loans recorded at gross carrying value by state concentration.

	2015 (a)				2014			
December 31,	Automotive		Mortgage		Automotive		Mortgage	
Texas	13.7	%	6.2	%	13.6	%	6.0	%
California	7.3		33.6		6.2		30.8	
Florida	7.7		4.1		7.3		3.7	
Pennsylvania	5.0		1.5		5.3		1.6	
Illinois	4.4		4.1		4.4		4.2	
Georgia	4.4		2.2		4.2		2.1	
North Carolina	3.6		1.8		3.5		1.9	
Ohio	3.7		0.6		3.9		0.6	
New York	3.5		1.9		4.0		1.9	
Michigan	3.1		2.4		3.8		3.1	
Other United States	43.6		41.6		43.8		44.1	
Total consumer loans	100.0	%	100.0	%	100.0	%	100.0	%

(a) Presentation is in descending order as a percentage of total consumer finance receivables and loans at December 31, 2015.

Commercial Real Estate

The commercial real estate portfolio consists of loans issued primarily to automotive dealers. The following table shows the percentage of total commercial real estate finance receivables and loans reported at gross carrying value by state concentration.

December 31,	2015		2014	
Texas	17.7	%	13.8	%
Florida	10.0		12.3	
Michigan	8.9		9.9	
California	8.7		9.0	
North Carolina	3.8		3.9	
Virginia	3.8		4.1	
Georgia	3.6		3.7	
Pennsylvania	3.4		3.8	
New York	3.1		3.9	
Illinois	2.9		2.7	
Other United States	34.1		32.9	
Total commercial real estate finance receivables and loans	100.0	%	100.0	%

Commercial Criticized Exposure

Finance receivables and loans classified as special mention, substandard, or doubtful are deemed as 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. The following table presents the percentage of total commercial criticized finance receivables and loans reported at gross carrying value by industry concentrations.

December 31,	2015	2014
Automotive	80.5 %	87.3 %
Manufacturing	7.8	0.9
Services	5.3	2.0
Other	6.4	9.8
Total commercial criticized finance receivables and loans	100.0 %	100.0 %

9. Investment in Operating Leases, Net

Investments in operating leases were as follows.

December 31, ($ in millions)	2015	2014
Vehicles	$20,211	$23,144
Accumulated depreciation	(3,940)	(3,634)
Investment in operating leases, net	$16,271	$19,510

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

Year ended December 31, ($ in millions)	2015	2014	2013
Depreciation expense on operating lease assets (excluding remarketing gains)	$2,600	$2,666	$2,327
Remarketing gains	(351)	(433)	(332)
Net depreciation expense on operating lease assets	$2,249	$2,233	$1,995

The following table presents the future lease nonresidual rental payments due from customers for vehicles on operating leases.

Year ended December 31, ($ in millions)	
2016	$2,687
2017	1,445
2018	406
2019	57
2020 and thereafter	1
Total	$4,596

10. Securitizations and Variable Interest Entities

Overview

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

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

We no longer securitize consumer mortgage loans through transactions involving 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), or through private-label mortgage securitizations. Accordingly, the discussion below represents our current involvement with VIEs as of December 31, 2015, except where otherwise stated or where comparative information is presented.

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Securitizations

We provide a wide range of consumer and commercial automotive loans, operating leases, and commercial loans to a diverse customer base. We securitize consumer and commercial automotive loans, and operating leases through private-label securitizations. We often securitize these loans and notes securitized by operating leases (collectively referred to as financial assets) through the use of securitization entities, which may or may not be consolidated on our Consolidated Balance Sheet.

In executing a securitization transaction, we typically sell pools of financial assets to a wholly owned, bankruptcy-remote SPE, which then transfers the financial assets to a separate, transaction-specific SPE for cash, and typically, other retained interests. The securitization entity is funded through the issuance of beneficial interests in the securitized financial assets. The beneficial interests take the form of either notes or trust certificates, which are sold to investors and/or retained by us. These beneficial interests are collateralized by the transferred financial assets and entitle the investors to specified cash flows generated from the underlying securitized assets. In addition to providing a source of liquidity and cost-efficient funding, securitizing these financial assets also reduces our credit exposure to the borrowers beyond any economic interest we may retain.

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

Cash flows from the assets initially transferred into the securitization entity represent the sole source for payment of distributions on the beneficial interests issued by the securitization entity and for payments to the parties that perform services for the securitization entity, such as the servicer or the trustee.

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

We generally hold certain conditional repurchase options specific to securitizations that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or redeem outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes burdensome (a clean-up call option). The repurchase price is typically the discounted securitization balance of the assets plus accrued interest when applicable. We generally have discretion regarding when or if we will exercise these options, but we would do so only when it is in our best interest.

Other than our customary representation and warranty provisions, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the securitization entities are held by third parties. Representation and warranty provisions generally require us to repurchase assets or indemnify the investor or other party for incurred losses to the extent it is determined that the assets were ineligible or were otherwise defective at the time of sale. We did not provide any noncontractual financial support to any of these entities during 2015 or 2014.

Consolidation of Variable Interest Entities

The determination of whether the assets and liabilities of the VIEs are consolidated on our balance sheet (also referred to as on-balance sheet) or not consolidated on our balance sheet (also referred to as off-balance sheet) depends on the terms of the related transaction and our continuing involvement (if any) with the VIE. We are deemed the primary beneficiary and therefore consolidate VIEs for which we have both (a) the power, through voting rights or similar rights, to direct the activities that most significantly impact the VIE's economic performance, and (b) a variable interest (or variable interests) that (i) obligates us to absorb losses that could potentially be significant to the VIE; and/or (ii) provides us the right to receive residual returns of the VIE that could potentially be significant to the VIE. We determine whether we hold a significant variable interest in a VIE based on a consideration of both qualitative and quantitative factors regarding the nature, size, and form of our involvement with the VIE. We assess whether we are the primary beneficiary of a VIE on an ongoing basis.

We are generally determined to be the primary beneficiary in VIEs established for our securitization activities when we have a controlling financial interest in the VIE, primarily due to our servicing activities, and we hold a beneficial interest in the VIE that could be potentially significant. The consolidated VIEs included in the Consolidated Balance Sheet represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to us, except for the customary representation and warranty provisions. In addition, the cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is limited

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to the carrying value of the consolidated VIE assets. Generally, all assets of consolidated VIEs, presented below based upon the legal transfer of the underlying assets in order to reflect legal ownership, are restricted for the benefit of the beneficial interest holders.

The nature, purpose, and activities of nonconsolidated securitization entities are similar to those of our consolidated securitization entities with the primary difference being the nature and extent of our continuing involvement. We are generally not determined to be the primary beneficiary in VIEs established for our securitization activities when we either do not hold potentially significant variable interests or do not provide servicing or asset management functions for the financial assets held by the securitization entity. Additionally, to qualify for off-balance sheet treatment, transfers of financial assets must meet appropriate sale accounting conditions. For nonconsolidated securitization entities, the transferred financial assets are removed from our balance sheet provided the conditions for sale accounting are met. The financial assets obtained from the securitization are primarily reported as cash, or retained interests (if applicable). Liabilities incurred as part of these securitization transactions, such as representation and warranty provisions, are recorded at fair value at the time of sale and are reported as accrued expenses and other liabilities on our Consolidated Balance Sheet. Upon the sale of the loans, we recognize a gain or loss on sale for the difference between the assets recognized, the assets derecognized, and the liabilities recognized as part of the transaction.

There were no sales of financial assets into nonconsolidated securitization trusts and similar asset-backed financing entities for consumer mortgage GSEs for the years ended December 31, 2015, and 2014, while there were $112 million of pretax gains on sales for the year ended December 31, 2013. The pretax loss recognized for consumer automotive was $3 million for the year ended December 31, 2015, while there was a pretax gain of $1 million for the year ended December 31, 2014, and no pretax gains or losses for the year ended December 31, 2013.

We provide long-term guarantee contracts to investors in certain nonconsolidated affordable housing entities and have extended a line of credit to provide liquidity and minimize our exposure under these contracts. Since we do not have control over the entities or the power to make decisions, we do not consolidate the entities and our involvement is limited to the guarantee and the line of credit.

We have involvement with various other nonconsolidated equity investments, including affordable housing entities and venture capital funds and loan funds. We do not consolidate these entities and our involvement is limited to our outstanding investment, additional capital committed to these funds plus any previously recognized low income housing tax credits that are subject to recapture.

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

December 31, ($ in millions)	Consolidated involvement with VIEs		Assets of nonconsolidated VIEs (a)		Maximum exposure to loss in nonconsolidated VIEs	
2015						
On-balance sheet variable interest entities						
Consumer automotive	$27,967	(b)				
Commercial automotive	16,763					
Off-balance sheet variable interest entities						
Consumer automotive	—		$3,034		$3,034	(c)
Commercial other	210	(d)	—	(e)	493	(f)
Total	$44,940		$3,034		$3,527	
2014						
On-balance sheet variable interest entities						
Consumer automotive	$31,966	(b)				
Commercial automotive	18,153					
Off-balance sheet variable interest entities						
Consumer automotive	—		$2,801		$2,801	(c)
Commercial other	146	(d)	—	(e)	362	(f)
Total	$50,265		$2,801		$3,163	

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

(b) Includes $10.6 billion and $12.7 billion of assets which are not encumbered by VIE beneficial interests held by third parties at December 31, 2015, and December 31, 2014, respectively. Ally or consolidated affiliates hold the interests in these assets which eliminate in consolidation.

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

(d) Includes $222 million and $164 million classified as other assets, offset by $12 million and $18 million classified as accrued expenses and other liabilities at December 31, 2015, and December 31, 2014, respectively.

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

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

On-balance Sheet Variable Interest Entities

The consolidated VIEs included in the Consolidated Balance Sheet represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to us, except for the customary representation and warranty provisions. In addition, the cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets. All assets of consolidated VIEs, presented below based upon the legal transfer of the underlying assets in order to reflect legal ownership, are restricted for the benefit of the beneficial interest holders.

December 31, ($ in millions)	2015	2014
Assets		
Finance receivables and loans, net		
Consumer	$11,682	$12,594
Commercial	16,247	17,487
Allowance for loan losses	(196)	(179)
Total finance receivables and loans, net	27,733	29,902
Investment in operating leases, net	4,791	5,595
Other assets	1,624	1,964
Total assets	$34,148	$37,461
Liabilities		
Long-term debt	20,267	24,297
Accrued expenses and other liabilities	22	173
Total liabilities	$20,289	$24,470

Cash Flows with Off-balance Sheet Variable Interest Entities

The following table summarizes cash flows received and paid related to securitization entities, asset-backed financings, or other similar transfers of financial assets where the transfer is accounted for as a sale and we have a continuing involvement with the transferred assets (e.g., servicing) that were outstanding in 2015, 2014, and 2013. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

Year ended December 31, ($ in millions)	Consumer automotive	Consumer mortgage
2015		
Cash proceeds from transfers completed during the period	$1,551	$—
Servicing fees	28	—
2014		
Cash proceeds from transfers completed during the period	$2,594	$—
Servicing fees	11	—
Representations and warranties obligations	—	(31)
2013		
Cash proceeds from transfers completed during the period	$—	$8,676
Servicing fees	13	70
Representations and warranties obligations	—	(66)
Other cash flows	—	70

Delinquencies and Net Credit Losses

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

	Total Amount		Amount 60 days or more past due		Net credit losses	
December 31, ($ in millions)	2015	2014	2015	2014	2015	2014
On-balance sheet loans						
Consumer automotive	$64,292	$58,085	$591	$457	$578	$501
Consumer mortgage	9,773	7,926	108	151	31	43
Commercial automotive	34,895	34,022	—	9	3	1
Commercial other	2,745	1,918	—	—	(3)	(8)
Total on-balance sheet loans	111,705	101,951	699	617	609	537
Off-balance sheet securitization entities						
Consumer automotive	2,529	2,801	9	5	5	1
Total off-balance sheet securitization entities	2,529	2,801	9	5	5	1
Whole-loan transactions (a)	2,252	929	13	33	—	6
Total	$116,486	$105,681	$721	$655	$614	$544

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

11. Servicing Activities

Automotive Finance Servicing Activities

We service consumer automotive contracts. Historically, we have sold a portion of our consumer automotive contracts. With respect to contracts we sell, we retain the right to service and earn a servicing fee for our servicing function. Typically, we conclude that the fee we are paid for servicing consumer automotive finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. We recognized automotive servicing fee income of $45 million, $31 million, and $58 million during the years ended December 31, 2015, 2014, and 2013, respectively.

Automotive Finance Serviced Assets

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

December 31, ($ in millions)	2015	2014
On-balance sheet automotive finance loans and leases		
Consumer automotive	$64,067	$58,085
Commercial automotive	34,895	34,022
Operating leases	15,965	19,510
Other	72	55
Off-balance sheet automotive finance loans		
Loans sold to third-party investors		
Securitizations	2,550	2,832
Whole-loan	2,259	887
Total serviced automotive finance loans and leases	$119,808	$115,391

12. Premiums Receivable and Other Insurance Assets

Premiums receivable and other insurance assets consisted of the following.

December 31, ($ in millions)	2015	2014
Prepaid reinsurance premiums	$382	$326
Reinsurance recoverable on unpaid losses	120	143
Reinsurance recoverable on paid losses	18	12
Premiums receivable	82	90
Deferred policy acquisition costs	1,199	1,124
Total premiums receivable and other insurance assets	$1,801	$1,695

13. Other Assets

The components of other assets were as follows.

December 31, ($ in millions)	2015	2014
Property and equipment at cost	$691	$775
Accumulated depreciation	(456)	(550)
Net property and equipment	235	225
Restricted cash collections for securitization trusts (a)	2,010	2,221
Net deferred tax assets	1,369	1,812
Nonmarketable equity investments	418	271
Cash reserve deposits held-for-securitization trusts (b)	252	303
Fair value of derivative contracts in receivable position (c)	233	263
Other accounts receivable	158	298
Collateral placed with counterparties	125	236
Restricted cash and cash equivalents	120	122
Other assets	1,401	1,354
Total other assets	$6,321	$7,105

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

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

(c) For additional information on derivative instruments and hedging activities, refer to Note 22.

14. Deposit Liabilities

Deposit liabilities consisted of the following.

December 31, ($ in millions)	2015	2014
Noninterest-bearing deposits	$89	$64
Interest-bearing deposits		
Savings and money market checking accounts	36,386	26,769
Certificates of deposit	29,774	31,051
Dealer deposits	229	319
Total deposit liabilities	$66,478	$58,203

At December 31, 2015, and December 31, 2014, certificates of deposit included $11.5 billion and $13.0 billion, respectively, of certificates of deposit in denominations of $100 thousand or more. At December 31, 2015, and December 31, 2014, certificates of deposit included $3.2 billion and $3.7 billion, respectively, in denominations in excess of $250 thousand federal insurance limits.

The following table presents the scheduled maturity of total certificates of deposit.

($ in millions)	
Due in 2016	$16,313
Due in 2017	8,800
Due in 2018	3,068
Due in 2019	695
Due in 2020	898
Total certificates of deposit	$29,774

15. Short-term Borrowings

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

	2015			2014		
December 31, ($ in millions)	Unsecured	Secured (a)	Total	Unsecured	Secured (a)	Total
Demand notes	$3,369	$—	$3,369	$3,338	$—	$3,338
Federal Home Loan Bank	—	4,000	4,000	—	2,950	2,950
Securities sold under agreements to repurchase	—	648	648	—	774	774
Other	84	—	84	—	—	—
Total short-term borrowings	$3,453	$4,648	$8,101	$3,338	$3,724	$7,062
Weighted average interest rate (b)			0.8 %			0.8 %

(a) Refer to Note 16 for further details on assets restricted as collateral for payment of the related debt.
(b) Based on the debt outstanding and the interest rate at December 31 of each year.

We periodically enter into term repurchase agreements, short-term borrowing agreements in which we sell financial instruments to one or more investors while simultaneously committing to repurchase them at a specified future date, at the stated price plus accrued interest. As of December 31, 2015, the financial instruments sold under agreements to repurchase consisted of mortgage-backed residential securities with the following maturities: $403 million within the next 30 days and $245 million within 31 to 60 days. Refer to Note 6 and Note 26 for further details on investment securities sold under agreements to repurchase.

The primary risk associated with these repurchase agreements is that the counterparty will be unable to perform under the terms of the contract. As the borrower, Ally is exposed to the excess market value of the securities pledged over the amount borrowed. Daily mark-to-market collateral management is designed to limit this risk to the initial margin. However, should a counterparty declare bankruptcy or become insolvent, Ally may incur additional delays and costs. As of December 31, 2015, we placed cash collateral totaling $21 million with counterparties under these collateral arrangements associated with our repurchase agreements.

16. Long-term Debt

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

December 31, ($ in millions)	Amount	Interest rate	Weighted-average interest rate (a)	Due date range
2015				
Unsecured debt				
Fixed rate (b)	$17,657			
Variable rate	375			
Trust preferred securities	2,600			
Fair value adjustment (c)	334			
Total unsecured debt	20,966	0.37 - 8.13%	5.40 %	2016 - 2049
Secured debt				
Fixed rate	20,511			
Variable rate	24,760			
Fair value adjustment (c)	(3)			
Total secured debt (d) (e) (f)	45,268	0.48 - 4.06%	1.18 %	2016 - 2035
Total long-term debt	$66,234			
2014				
Unsecured debt				
Fixed rate (b)	$18,858			
Variable rate	374			
Trust preferred securities	2,598			
Fair value adjustment (c)	452			
Total unsecured debt	22,282	0.33 - 8.30%	5.90 %	2015 - 2049
Secured debt				
Fixed rate	19,793			
Variable rate	24,305			
Total secured debt (d) (e) (f)	44,098	0.21 - 4.59%	0.94 %	2015 - 2023
Total long-term debt	$66,380			

(a) Based on the debt outstanding and the interest rate at December 31 of each year.
(b) Includes subordinated debt of $1.1 billion and $296 million at December 31, 2015, and 2014, respectively.
(c) Represents the fair value adjustment associated with the application of hedge accounting on certain of our long-term debt positions. Refer to Note 22 for additional information.
(d) Includes $20.3 billion and $24.3 billion of VIE secured debt outstanding at December 31, 2015, and 2014, respectively.
(e) Includes $19.9 billion and $17.0 billion of debt outstanding from the Automotive secured revolving credit facilities at December 31, 2015, and 2014, respectively.
(f) Includes advances from the FHLB of $5.4 billion and $2.8 billion at December 31, 2015, and 2014, respectively.

	2015			2014		
December 31, ($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Long-term debt						
Due within one year	$1,829	$9,427	$11,256	$4,780	$12,603	$17,383

Due after one year	18,803	35,844	54,647	17,050	31,495	48,545
Fair value adjustment	334	(3)	331	452	—	452
Total long-term debt	$20,966	$45,268	$66,234	$22,282	$44,098	$66,380

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

Year ended December 31, ($ in millions)	2016	2017	2018	2019	2020	2021 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$1,904	$4,371	$3,702	$1,615	$2,228	$8,203	$334	$22,357
Original issue discount	(75)	(87)	(98)	(35)	(35)	(1,061)	—	(1,391)
Total unsecured	1,829	4,284	3,604	1,580	2,193	7,142	334	20,966
Secured								
Long-term debt	9,427	15,217	9,109	5,823	3,414	2,281	(3)	45,268
Total long-term debt	$11,256	$19,501	$12,713	$7,403	$5,607	$9,423	$331	$66,234

To achieve the desired balance between fixed- and variable-rate debt, we utilize interest rate swap agreements. The use of these derivative financial instruments had the effect of synthetically converting $8.3 billion of our fixed-rate debt into variable-rate obligations and $0.9 billion of our variable-rate debt into fixed-rate obligations at December 31, 2015.

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

	2015			2014		
December 31, ($ in millions)	Total		Ally Bank (a)	Total		Ally Bank (a)
Investment securities (b)	$2,420		$1,761	$786		$786
Mortgage assets held-for-investment and lending receivables	9,743		9,743	7,541		7,541
Consumer automotive finance receivables	34,324		9,167	33,438		11,263
Commercial automotive finance receivables	19,623		19,177	20,605		20,083
Investment in operating leases, net	5,539		3,205	6,820		4,672
Total assets restricted as collateral (c) (d)	$71,649		$43,053	$69,190		$44,345
Secured debt	$49,916	(e)	$24,787	$47,822	(e)	$27,103

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

(b) Certain investment securities are restricted under repurchase agreements. Refer to Note 15 for information on the repurchase agreements.

(c) Ally Bank has an advance agreement with the FHLB, and had assets pledged to secure borrowings that were restricted as collateral to the FHLB totaling $14.9 billion and $10.7 billion at December 31, 2015, and 2014, respectively. These assets were composed primarily of consumer mortgage finance receivables and loans, net and investment securities. Ally Bank has access to the Federal Reserve Bank Discount Window. Ally Bank had assets pledged and restricted as collateral to the Federal Reserve Bank totaling $2.9 billion and $3.2 billion at December 31, 2015, and 2014, respectively. These assets were composed of consumer automotive finance receivables and loans, net and investment in operating leases, net. Availability under these programs is only for the operations of Ally Bank and cannot be used to fund the operations or liabilities of Ally or its subsidiaries.

(d) Excludes restricted cash and cash reserves for securitization trusts recorded within other assets on the Consolidated Balance Sheet. Refer to Note 13 for additional information.

(e) Includes $4.6 billion and $3.7 billion of short-term borrowings at December 31, 2015, and 2014, respectively.

Trust Preferred Securities

At December 31, 2015 we have issued and outstanding approximately $2.6 billion in aggregate liquidation preference of 8.125% Fixed Rate / Floating Rate Trust Preferred Securities, Series 2 (Series 2 TRUPS) net of original issue discount and debt issuance costs. Each Series 2 TRUPS security has a liquidation amount of $25. Distributions are cumulative and are payable until redemption at the applicable coupon rate. Distributions are payable at an annual rate of 8.125% payable quarterly in arrears, through but excluding February 15, 2016. From and including February 15, 2016, to but excluding February 15, 2040, distributions will be payable at an annual rate equal to three-month London interbank offer rate plus 5.785% payable quarterly in arrears, beginning May 15, 2016. Ally has the right to defer payments of interest for a period not exceeding 20 consecutive quarters. The Series 2 TRUPS have no stated maturity date, but must be redeemed upon the redemption or maturity of the related debentures (Debentures), which mature on February 15, 2040. Ally at any time on or after February 15, 2016 may redeem the Series 2 TRUPS at a redemption price equal to 100% of the principal amount being redeemed, plus accrued and unpaid interest through the date of redemption. The Series 2 TRUPS are generally nonvoting, other than with respect to certain limited matters. During any period in which any Series 2 TRUPS remain outstanding but in which distributions on the Series 2 TRUPS have not been fully paid, none of Ally or its subsidiaries will be permitted to (i) declare or pay dividends on, make any distributions with respect to, or redeem, purchase, acquire or otherwise make a liquidation payment with respect to, any of Ally’s capital stock or make any guarantee payment with respect thereto; or (ii) make any payments of principal, interest, or premium on, or repay, repurchase or redeem, any debt securities or guarantees that rank on a parity with or junior in interest to the Debentures with certain specified exceptions in each case.

Covenants and Other Requirements

In secured funding transactions, there are trigger events that could cause the debt to be prepaid at an accelerated rate or could cause our usage of the credit facility to be discontinued. The triggers are generally based on the financial health and performance of the servicer as well as performance criteria for the pool of receivables, such as delinquency ratios, loss ratios, and commercial payment rates. During 2015, there were no trigger events that resulted in the repayment of debt at an accelerated rate or impacted the usage of our credit facilities.

Funding Facilities

We utilize both committed credit facilities, and other collateralized funding vehicles. The debt outstanding under our various funding facilities is included on our Consolidated Balance Sheet.

As of December 31, 2015, Ally Bank had exclusive access to $3.25 billion of funding capacity from a committed credit facility. Funding programs supported by the Federal Reserve and the FHLB, together with repurchase agreements, complement Ally Bank’s private collateralized funding vehicles.

The total capacity in our committed funding facilities is provided by banks and other financial institutions through private transactions. The committed secured funding facilities can be revolving in nature and allow for additional funding during the commitment period, or they can be amortizing and not allow for any further funding after the closing date. At December 31, 2015, $20.1 billion of our $20.4 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, 2015, we had $12.5 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

Committed Funding Facilities

	Outstanding		Unused capacity (a)		Total capacity	
December 31, ($ in millions)	2015	2014	2015	2014	2015	2014
Bank funding						
Secured (b)	$3,250	$3,250	$—	$250	$3,250	$3,500
Parent funding						
Secured	16,914	15,030	251	3,425	17,165	18,455
Total committed facilities	$20,164	$18,280	$251	$3,675	$20,415	$21,955

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

(b) Excludes off-balance sheet credit facility amounts.

17. Accrued Expenses and Other Liabilities

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

December 31, ($ in millions)	2015	2014
Accounts payable	$391	$298
Employee compensation and benefits	242	298
Reserves for insurance losses and loss adjustment expenses	169	208
Fair value of derivative contracts in payable position (a)	145	252
Deferred revenue	108	151
Collateral received from counterparties	82	71
Other liabilities	408	457
Total accrued expenses and other liabilities	$1,545	$1,735

(a) For additional information on derivative instruments and hedging activities, refer to Note 22.

18. Equity

Common Stock

In April 2014, we completed an initial public offering (IPO) of our common stock. All proceeds from the offering were obtained by the U.S. Department of the Treasury (Treasury) as the single selling stockholder. 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 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. In addition, on April 9, 2014, we increased the number of shares authorized for issuance of common stock to 1.1 billion. The following table presents changes in the number of shares issued and outstanding.

Year ended December 31, (in shares)	2015	2014	2013
Common stock			
Total issued, January 1,	480,136,039	479,767,470	412,600,700
New issuances			
Employee benefits and compensation plans	2,654,657	368,569	—
Private placement (a)	—	—	67,166,770
Total issued, December 31,	482,790,696	480,136,039	479,767,470
Total treasury stock, December 31,	(810,585)	(41,148)	—
Total outstanding, December 31,	481,980,111	480,094,891	479,767,470

(a) On November 20, 2013, Ally completed its private placement of its common stock for an aggregate price of $1.3 billion.

Preferred Stock

Series A Preferred Stock

Holders of the Series A Preferred Stock are entitled to receive, when, and if declared by Ally, noncumulative cash dividends. Beginning March 25, 2011, to but excluding May 15, 2016, dividends accrue at a fixed rate of 8.5% per annum. Beginning on May 15, 2016, dividends will accrue at a rate equal to three-month London interbank offer rate (LIBOR) plus 6.243%, commencing on August 15, 2016, in each case on the 15th day of February, May, August, and November. Dividends will be payable to holders of record at the close of business on the preceding February 1, May 1, August 1, or November 1, as the case may be, or on such other date, not more than seventy calendar days prior to the dividend payment date, as will be fixed by the Ally Board of Directors. In the event that dividends with respect to a dividend period have not been paid in full on the dividend payment date, we will be prohibited, subject to certain specified exceptions, from (i) redeeming, purchasing or otherwise acquiring, any stock that ranks on a parity basis with, or junior in interest to, the Series A Preferred Stock; (ii) paying any dividends or making any distributions with respect to any stock that ranks junior in interest to the Series A Preferred Stock, until such time as Ally has paid the dividends payable on shares of the Series A Preferred Stock with respect to a subsequent dividend period; and (iii) declaring or paying any dividend on any stock ranking on a parity basis with the Series A Preferred Stock, subject to certain exceptions.

The holders of the Series A Preferred Stock do not have voting rights other than those set forth in the certificate of designations for the Series A Preferred Stock included in Ally's Certificate of Incorporation. Ally may not redeem the Series A Preferred Stock before May 15, 2016, and after such time the Series A Preferred Stock may be redeemed in certain circumstances. In the event of any liquidation, dissolution or winding up of the affairs of Ally, holders of the Series A Preferred Stock will be entitled to receive the liquidation amount per share of Series A Preferred Stock and an amount equal to all declared, but unpaid dividends declared prior to the date of payment out of assets available for distribution, before any distribution is made for holders of stock that ranks junior in interest to the Series A Preferred Stock, subject to the rights of Ally's creditors.

On April 9, 2014, we decreased the number of shares authorized for issuance of Series A Preferred Stock to 40,870,560. On April 23, 2015, we announced a tender offer to purchase up to 13,000,000 shares of our outstanding

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

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Series G Preferred Stock

On March 11, 2015, we issued a Notice of Partial Redemption to the holders of the outstanding Series G Preferred Stock to redeem, on a pro-rata basis, 1,288,300 shares at a redemption price of $1,000 per share plus $10.50 per share of accrued and unpaid dividends through the redemption date. On April 10, 2015, we redeemed 1,288,300 shares of our outstanding Series G Preferred Stock, with an aggregate liquidation preference of approximately $1,288 million for approximately $1,302 million in cash, which included $14 million in accrued and unpaid dividends. Upon redemption of the Series G Preferred shares, we derecognized the carrying value of $117 million and recognized the excess consideration paid of $1,171 million as an additional return to preferred shareholders. On November 12, 2015, we issued a Notice of Redemption to the holders of the remaining outstanding Series G Preferred Stock to redeem, on a pro-rata basis, 1,288,301 shares at a redemption price of $1,000 per share plus $5.64 per share of accrued and unpaid dividends through the redemption date. On December 14, 2015, we redeemed 1,288,301 shares of our outstanding Series G Preferred Stock, with an aggregate liquidation preference of approximately $1,288 million for approximately $1,295 million in cash, which included $7 million in accrued and unpaid dividends. Upon redemption of the Series G Preferred shares, we derecognized the carrying value of $117 million and recognized the excess consideration paid of $1,171 million as an additional return to preferred shareholders. Effective December 14, 2015, the Series G Preferred Stock was retired.

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

	December 31, 2015	December 31, 2014
Series A preferred stock (a)		
Carrying value ($ in millions)	$696	$1,021
Par value (per share)	0.01	0.01
Liquidation preference (per share)	25	25
Number of shares authorized	40,870,560	40,870,560
Number of shares issued and outstanding	27,870,560	40,870,560
Dividend/coupon		
Prior to May 15, 2016	8.5 %	8.5 %
On and after May 15, 2016	Three month LIBOR + 6.243%	Three month LIBOR + 6.243%
Series G preferred stock		
Carrying value ($ in millions)	$—	$234
Par value (per share)	—	0.01
Liquidation preference (per share)	—	1,000
Number of shares authorized	—	2,576,601
Number of shares issued and outstanding	—	2,576,601
Dividend/coupon	— %	7 %

(a) Nonredeemable prior to May 15, 2016.

19. Accumulated Other Comprehensive Income (Loss)

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

($ in millions)	Unrealized gains (losses) on investment securities (a)	Translation adjustments and net investment hedges (b)	Cash flow hedges (b)	Defined benefit pension plans	Accumulated other comprehensive income (loss)
Balance at January 1, 2013	$76	$368	$2	$(135)	$ 311
2013 net change	(345)	(303)	3	58	(587)

Balance at December 31, 2013	(269)	65	5	(77)	(276)
2014 net change	248	(29)	2	(11)	210
Balance at December 31, 2014	(21)	36	7	(88)	(66)
2015 net change	(138)	(27)	1	(1)	(165)
Balance at December 31, 2015	$(159)	$9	$8	$(89)	$ (231)

(a) Represents the after-tax difference between the fair value and amortized cost of our available-for-sale securities portfolio.

(b) For additional information on derivative instruments and hedging activities, refer to Note 22.

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

Year ended December 31, 2015 ($ in millions)	Before Tax		Tax Effect		After Tax
Unrealized losses on investment securities					
Net unrealized losses arising during the period	$(65)		$26		$(39)
Less: Net realized gains reclassified to income from continuing operations	155	(a)	(56)	(b)	99
Net change	(220)		82		(138)
Translation adjustments					
Net unrealized losses arising during the period	(39)		13		(26)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	42		(20)		22
Net change	(81)		33		(48)
Net investment hedges (c)					
Net unrealized gains arising during the period	29		(11)		18
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(4)		1		(3)
Net change	33		(12)		21
Cash flow hedges (c)					
Net unrealized gains arising during the period	2		(1)		1
Defined benefit pension plans					
Net unrealized gains (losses) arising during the period	—		—		—
Less: Net realized gains reclassified to income from continuing operations	1	(d)	—	(b)	1
Net change	(1)		—		(1)
Other comprehensive loss	$(267)		$102		$(165)

(a) Includes gains reclassified to other gain on investments, net in our Consolidated Statement of Income.
(b) Includes amounts reclassified to income tax expense (benefit) from continuing operations in our Consolidated Statement of Income.
(c) For additional information on derivative instruments and hedging activities, refer to Note 22.
(d) Includes gains reclassified to compensation and benefits expense in our Consolidated Statement of Income.

Year ended December 31, 2014 ($ in millions)	Before Tax		Tax Effect		After Tax
Unrealized gains on investment securities					
Net unrealized gains arising during the period	$557		$(142)		$415
Less: Net realized gains reclassified to income from continuing operations	181	(a)	(14)	(b)	167
Net change	376		(128)		248
Translation adjustments					
Net unrealized losses arising during the period	(27)		10		(17)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	23		(3)		20
Net change	(50)		13		(37)
Net investment hedges (c)					
Net unrealized gains arising during the period	13		(5)		8
Cash flow hedges (c)					
Net unrealized gains arising during the period	2		—		2
Defined benefit pension plans					
Net unrealized losses arising during the period	(24)		9		(15)
Less: Net realized losses reclassified to income from continuing operations	(7)	(d)	3	(b)	(4)

Net change	(17)	6	(11)
Other comprehensive income	$324	$(114)	$210

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

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

(c) For additional information on derivative instruments and hedging activities, refer to Note 22.

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

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Year ended December 31, 2013 ($ in millions)	Before Tax	Tax Effect	After Tax
Unrealized losses on investment securities			
Net unrealized losses arising during the period	$(333)	$174	$(159)
Less: Net realized gains reclassified to income from continuing operations	180 (a)	(2) (b)	178
Less: Net realized gains reclassified to income from discontinued operations, net of tax	10	(2)	8
Net change	(523)	178	(345)
Translation adjustments			
Net unrealized losses arising during the period	(104)	24	(80)
Less: Net realized gains reclassified to income from discontinued operations, net of tax	337	92	429
Net change	(441)	(68)	(509)
Net investment hedges (c)			
Net unrealized gains arising during the period	59	(22)	37
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(250)	81	(169)
Net change	309	(103)	206
Cash flow hedges (c)			
Net unrealized losses arising during the period	(1)	—	(1)
Less: Net realized losses reclassified to income from continuing operations	(7) (d)	3 (b)	(4)
Net change	6	(3)	3
Defined benefit pension plans			
Net unrealized gains arising during the period	26	(8)	18
Less: Net realized losses reclassified to income from continuing operations	(2) (e)	— (b)	(2)
Less: Net realized losses reclassified to income from discontinued operations, net of tax	(49)	11	(38)
Net change	77	(19)	58
Other comprehensive loss	$(572)	$(15)	$(587)

(a) Includes gains reclassified to other gain on investments, net in our Consolidated Statement of Income.
(b) Includes amounts reclassified to income tax expense (benefit) from continuing operations in our Consolidated Statement of Income.
(c) For additional information on derivative instruments and hedging activities, refer to Note 22.
(d) Includes losses reclassified to long-term debt in our Consolidated Statement of Income.
(e) Includes losses reclassified to compensation and benefits expense in our Consolidated Statement of Income

20. Earnings per Common Share

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

Year ended December 31, ($ in millions except per share data) (a)	2015	2014	2013
Net income from continuing operations	$897	$925	$416
Preferred stock dividends — U.S. Department of the Treasury	—	—	(543)
Impact of repurchase of mandatorily convertible preferred stock held by U.S. Department of the Treasury and elimination of share adjustment right	—	—	(240)
Preferred stock dividends (b)	(2,571)	(268)	(267)
Net (loss) income from continuing operations attributable to common shareholders	(1,674)	657	(634)
Income (loss) from discontinued operations, net of tax	392	225	(55)
Net (loss) income attributable to common shareholders	$(1,282)	$882	$(689)
Basic weighted-average common shares outstanding (c)	482,873,120	481,154,609	420,166,188
Diluted weighted-average common shares outstanding (c) (d)	482,873,120	481,933,811	420,166,188
Basic earnings per common share			
Net (loss) income from continuing operations	$(3.47)	$1.36	$(1.51)
Income (loss) from discontinued operations, net of tax	0.81	0.47	(0.13)
Net (loss) income	$(2.66)	$1.83	$(1.64)
Diluted earnings per common share			
Net (loss) income from continuing operations	$(3.47)	$1.36	$(1.51)
Income (loss) from discontinued operations, net of tax	0.81	0.47	(0.13)
Net (loss) income	$(2.66)	$1.83	$(1.64)

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

(b) Preferred stock dividends for the year ended December 31, 2015, include $2,364 million recognized in connection with the redemption of the Series G Preferred Stock and the repurchase of the Series A Preferred Stock. These dividends represent an additional return to preferred shareholders calculated as the excess consideration paid over the carrying amount derecognized. Refer to Note 18 for additional preferred stock information.

(c) Includes shares related to share-based compensation that vested but were not yet issued for the years ended December 31, 2015, and 2014, respectively.

(d) Due to antidilutive effect of the net loss from continuing operations attributable to common shareholders for the years ended December 31, 2015, and 2013, respectively, basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The effects of converting the outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares are not included in the diluted earnings per share calculation for the year ended December 31, 2013, as the effects would be antidilutive for the period. As such, 89 million of potential common shares were excluded from the diluted earnings per share calculation for the year ended December 31, 2013.

21. Regulatory Capital and Other Regulatory Matters

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

Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary action by regulators that, if undertaken, could have a direct material effect on the consolidated financial statements or the results of operations and financial condition of Ally and Ally Bank. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, we and Ally Bank must meet specific capital guidelines that involve quantitative measures of capital, assets and certain off-balance sheet items. These measures and related classifications, which are used in the calculation of our risk-based and leverage capital ratios and those of Ally Bank, are also subject to qualitative judgments by the regulators about the components of capital, the risk-weightings of assets and other exposures, and other factors. The U.S. banking regulators also use these ratios and guidelines as part of the capital planning and stress testing processes. In addition, in order for Ally to maintain its status as a FHC, Ally and its bank subsidiary, Ally Bank, must remain “well-capitalized” and “well-managed,” as defined under applicable law. Effective January 1, 2015, the “well-capitalized” standard for insured depository institutions, such as Ally Bank, was revised to reflect the new and higher capital requirements under U.S. Basel III.

Under U.S. Basel III, Ally must maintain a minimum Common Equity Tier 1 risk-based capital ratio of 4.5%, a minimum Tier 1 risk-based capital ratio of 6%, and a minimum Total risk-based capital ratio of 8%. In addition to these minimum requirements, Ally is also 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,

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2018. Failure to maintain the full amount of the buffer will result in restrictions on Ally's ability to make capital distributions, including dividend payment and stock repurchases and redemptions, and to pay discretionary bonuses to executive officers. In addition to these new risk-based capital standards, U.S. Basel III subjects all U.S. banking organizations, including Ally, to a minimum Tier 1 leverage ratio of 4%, the denominator of which takes into account only on-balance sheet assets.

In addition to introducing new capital ratios, U.S. Basel III revises the eligibility criteria for regulatory capital instruments and provides for the phase-out of instruments that had previously been recognized as capital but 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 are no longer included in a BHC's Tier 1 capital as of January 1, 2016. Also, subject to a phase-in schedule, certain new items are deducted from Common Equity Tier 1 capital, and certain other deductions from regulatory capital have been modified. Among other things, U.S. Basel III requires significant investments in the common shares of unconsolidated financial institutions, mortgage servicing rights, and certain deferred tax assets that exceed specified individual and aggregate thresholds to be deducted from Common Equity Tier 1 capital. U.S. Basel III also revises the standardized approach for calculating risk-weighted assets by, among other things, modifying certain risk weights and introducing new methods for calculating risk-weighted assets for certain types of assets and exposures.

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

During 2010, Ally, IB Finance Holding Company, LLC (IB Finance), Ally Bank, and the Federal Deposit Insurance Corporation (FDIC) entered into a Capital and Liquidity Maintenance Agreement (CLMA). The CLMA was restated on July 13, 2015. The CLMA requires capital at Ally Bank to be maintained at a level such that Ally Bank's Tier 1 leverage ratio is at least 15%. For this purpose, the leverage ratio is determined in accordance with the FDIC's regulations related to capital maintenance.

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

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

($ in millions)	Under Basel III December 31, 2015 (a) Amount	Ratio		Under Basel I December 31, 2014 (b) Amount	Ratio		Required minimum		Well-capitalized minimum	
Risk-based capital										
Common Equity Tier 1 (to risk-weighted assets) (c)										
Ally Financial Inc.	$12,507	9.21	%	$12,588	9.64	%	4.50	%	(d)	
Ally Bank	16,594	17.05		16,022	16.89		4.50		6.50	%
Tier 1 (to risk-weighted assets)										
Ally Financial Inc.	$15,077	11.10	%	$16,389	12.55	%	6.00	%	6.00	%
Ally Bank	16,594	17.05		16,022	16.89		6.00		8.00	
Total (to risk-weighted assets)										
Ally Financial Inc.	$17,005	12.52	%	$17,294	13.24	%	8.00	%	10.00	%
Ally Bank	17,043	17.51		16,468	17.36		8.00		10.00	
Tier 1 leverage (to adjusted quarterly average assets) (e)										
Ally Financial Inc.	$15,077	9.73	%	$16,389	10.94	%	4.00	%	(d)	
Ally Bank	16,594	15.38		16,022	15.44		15.00	(f)	5.00	%

(a) U.S. Basel III became effective for us on January 1, 2015, subject to transitional provisions primarily related to deductions and adjustments impacting Common Equity Tier 1 capital and Tier 1 capital.
(b) Capital ratios as of December 31, 2014, are presented under the U.S. Basel I capital framework.
(c) Previously referred to as Tier 1 Common Equity under the U.S. Basel I capital framework.
(d) Currently, there is no ratio component for determining whether a BHC is "well-capitalized."
(e) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.
(f) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.

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

Capital Planning and Stress Tests

As a BHC with $50 billion or more of consolidated assets, Ally is required to conduct periodic company-run stress tests, is subject to an annual supervisory stress test conducted by the Board of Governors of the Federal Reserve System (FRB), and must submit an annual capital

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

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

On January 5, 2015, Ally submitted the results of its semi-annual stress test and its proposed capital actions to the FRB, and Ally Bank submitted the results of its annual company-run stress test to the FDIC. On March 6, 2015, Ally and Ally Bank publicly disclosed summary results of the stress test under the most severe scenario in accordance with regulatory requirements. On March 11, 2015, Ally received a non-objection to its capital plan from the FRB, including the proposed capital actions contained in our submission. As a result, we redeemed $1.3 billion in Series G preferred securities in April 2015, and repurchased $325 million in Series A preferred securities in May 2015, pursuant to a tender offer. In addition, on July 6, 2015, Ally submitted to the FRB the results of our company-run mid-year stress test conducted under multiple macroeconomic scenarios. We disclosed the results of this stress test under the most severe scenario on July 15, 2015, in accordance with regulatory requirements. On November 12, 2015, we received approval from the FRB to redeem the remaining 1,288,301 shares of our outstanding Series G Preferred Stock, which was then redeemed and retired on December 14, 2015. Under a new rule effective for the 2016 capital planning cycle and subsequent cycles, Ally expects to submit its 2016 capital plan by April 5, 2016, with a response expected from the FRB by June 30, 2016.

Depository Institutions

Ally Bank is a state nonmember bank, chartered by the State of Utah, and subject to the supervision of the FDIC and the Utah Department of Financial Institutions (Utah DFI). 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 $111.3 billion and $104.4 billion at December 31, 2015, and 2014, respectively. Ally Bank is subject to Utah law (and, in certain instances, federal law) that places restrictions and limitations on the amount of dividends or other distributions. Dividends or other distributions made by Ally Bank to Ally were $525 million and $1.8 billion in 2015 and 2014, respectively. Ally Bank did not make any dividend or other distributions to Ally in 2013.

The FRB requires banks to maintain minimum average reserve balances. The amount of the required reserve balance for Ally Bank was $216 million and $313 million at December 31, 2015, and 2014, respectively.

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.

Ally Bank is required to satisfy regulatory net worth requirements. Failure to meet minimum capital requirements can initiate certain mandatory actions by federal, state, and foreign agencies that could have a material effect on our results of operations and financial condition. Ally Bank was in compliance with these requirements at December 31, 2015.

Insurance Companies

Some of our Insurance companies are subject to certain minimum aggregate capital requirements, net asset and dividend restrictions under applicable state and foreign insurance law, 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. At December 31, 2015, the maximum dividend that could be paid by the U.S. insurance subsidiaries over the next twelve months without prior statutory approval was $93 million.

22. Derivative Instruments and Hedging Activities

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

Interest Rate Risk

We monitor our mix of fixed- and variable-rate assets and liabilities. When it is cost-effective to do so, we may enter into interest rate swaps, forwards, futures, options, and swaptions to achieve our desired mix of fixed- and variable-rate assets and liabilities. We execute interest rate swaps, forwards, futures, options, and swaptions to modify our exposure to interest rate risk by converting certain fixed-rate instruments to a variable-rate and certain variable-rate instruments to a fixed-rate. We use a mix of both derivatives that qualify for hedge accounting treatment and economic hedges.

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

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

Foreign Exchange Risk

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

We enter into foreign-currency forwards with external counterparties as net investment hedges of foreign exchange exposure on our investments in foreign subsidiaries. Our equity is impacted by the cumulative translation adjustments resulting from the translation of foreign subsidiary results; this impact is reflected in our accumulated other comprehensive income (loss).

Our remaining foreign subsidiaries in wind-down maintain both assets and liabilities in local currencies. These local currencies are generally the subsidiaries' functional currencies for accounting purposes.

Foreign-currency-exchange-rate gains and losses arise when the assets or liabilities of our subsidiaries are denominated in currencies that differ from its functional currency. We enter into economic hedges to mitigate this risk.

We also enter into foreign currency forwards to economically hedge our foreign denominated debt, our centralized lending program, and foreign-denominated third party loans. The hedge of foreign denominated debt was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt. The centralized lending program manages liquidity for our subsidiary businesses, but as of December 31, 2015, this activity is immaterial. Foreign-currency-denominated loan agreements are executed with our foreign subsidiaries in their local currencies. We evaluate our foreign-currency exposure resulting from intercompany lending and manage our currency risk exposure by entering into foreign-currency derivatives with external counterparties. Our remaining foreign-currency derivatives, such as hedges of foreign-denominated third party loans, are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

We utilized a cross-currency swap to economically hedge foreign exchange exposure on foreign-currency-denominated debt by converting the funding currency to our functional currency. This swap was entered into concurrent with the debt issuance with the terms of the derivative matching the terms of the underlying debt. This swap matured during the second quarter of 2015.

Market Risk

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

We also enter into prepaid equity forward contracts to economically hedge the price risk associated with certain of our executive share-based compensation plans. The prepaid equity forward contracts are hybrid instruments containing an embedded forward contract, which is considered a derivative instrument. The embedded derivative instrument is bifurcated from the host contract and is recorded at fair value with changes in fair value recorded in compensation and benefits expense. The balance of the prepaid component of these equity forward contracts was $32 million as of December 31, 2015, and was recorded within other assets on the Consolidated Balance Sheet.

Counterparty Credit Risk

Derivative financial instruments contain an element of credit risk if counterparties are unable to meet the terms of the agreements. Credit risk associated with derivative financial instruments is measured as the net replacement cost should the counterparties that owe us under the contract completely fail to perform under the terms of those contracts, net of underlying collateral as measured by the market value of the derivative financial instrument.

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

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event. No such specified credit risk related events occurred in 2015.

We placed cash collateral totaling $103 million and securities collateral totaling $86 million at December 31, 2015, and $221 million and $15 million at December 31, 2014, respectively, in accounts maintained by counterparties. This amount primarily relates to collateral posted to support our derivative positions. This amount also excludes cash and securities pledged as collateral under repurchase agreements. At December 31, 2015, we placed cash collateral totaling $21 million with counterparties under collateral arrangements associated with repurchase agreements. Refer to Note 15 for details on the repurchase agreements. The receivables for cash collateral placed are included in our Consolidated Balance Sheet in other assets.

We received cash collateral from counterparties totaling $82 million at December 31, 2015, to support these derivative positions. We received cash collateral from counterparties totaling $71 million at December 31, 2014. The payables for cash collateral received are included on our Consolidated Balance Sheet in accrued expenses and other liabilities.

In certain circumstances, we receive or post securities as collateral with counterparties. We do not record such collateral received on our Consolidated Balance Sheet unless certain conditions are met. At December 31, 2015, and 2014, we received noncash collateral of $7 million and $15 million, respectively. Included in these amounts is noncash collateral where we have been granted the right to sell or pledge the underlying assets. We have not sold or pledged any of the noncash collateral received under these agreements.

Balance Sheet Presentation

The following table summarizes the fair value amounts of derivative instruments reported on our Consolidated Balance Sheet. The fair value amounts are presented on a gross basis, are segregated by derivatives that are designated and qualifying as hedging instruments or those that are not, and are further segregated by type of contract within those two categories. Notional amounts are reference amounts from which contractual obligations are derived and are not recorded on the balance sheet. In our view, derivative notional is not an accurate measure of our derivative exposure when viewed in isolation from other factors, such as market rate fluctuations and counterparty credit risk.

	2015			2014		
	Derivative contracts in a			Derivative contracts in a		
December 31, ($ in millions)	receivable position (a)	payable position (b)	Notional amount	receivable position (a)	payable position (b)	Notional amount
Derivatives qualifying for hedge accounting						
Interest rate contracts						
Swaps (c) (d) (e)	$126	$9	$14,151	$118	$7	$18,554
Foreign exchange contracts						
Forwards	—	1	189	—	—	210
Total derivatives qualifying for hedge accounting	126	10	14,340	118	7	18,764
Economic hedges						
Interest rate contracts						
Swaps	30	51	6,101	40	65	11,979
Futures and forwards	2	2	1,905	4	2	18,886
Written options	—	72	18,220	—	94	14,823
Purchased options	73	—	18,240	94	—	15,159
Total interest rate risk	105	125	44,466	138	161	60,847
Foreign exchange contracts						
Swaps	—	—	—	—	74	1,210
Futures and forwards	—	—	278	5	4	304
Total foreign exchange risk	—	—	278	5	78	1,514
Equity contracts						
Forwards	—	9	32	—	3	74
Written options	—	1	—	—	3	1
Purchased options	2	—	—	2	—	—
Total equity risk	2	10	32	2	6	75
Total economic hedges	107	135	44,776	145	245	62,436
Total derivatives	$233	$145	$59,116	$263	$252	$81,200

(a) Derivative contracts in a receivable position are classified as other assets on the Consolidated Balance Sheet, and includes accrued interest of $46 million and $50 million at December 31, 2015, and 2014, respectively.

(b) Derivative contracts in a liability position are classified as accrued expenses and other liabilities on the Consolidated Balance Sheet, and includes accrued interest of $12 million and $17 million at December 31, 2015, and 2014, respectively.

(c) Includes fair value hedges consisting of receive-fixed swaps on fixed-rate debt obligations with $112 million and $97 million in a receivable position, $3 million and $1 million in a payable position, and a $6.8 billion and $4.7 billion notional amount at December 31, 2015, and December 31, 2014, respectively. Of the hedge notional amount at December 31, 2015, $2.6 billion is associated with debt maturing in five or more years.

(d) Other fair value hedges include pay-fixed swaps on portfolios of held-for-investment automotive loan assets with $13 million and $21 million in a receivable position, $3 million and $6 million in a payable position, and a $6.8 billion and $13.9 billion notional amount at December 31, 2015, and December 31, 2014, respectively.

(e) Fair value hedges were executed during the fourth quarter consisting of receive-fixed swaps on fixed-rate secured debt obligations (FHLB Advances) with $1 million in a receivable position, $2 million in a payable position, and a $500 million notional amount at December 31, 2015.

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Statement of Comprehensive Income Presentation

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

Year ended December 31, ($ in millions)	2015	2014	2013
Derivatives qualifying for hedge accounting			
(Loss) gain recognized in earnings on derivatives			
Interest rate contracts			
Interest and fees on finance receivables and loans (a)	$(9)	$15	$7
Interest on long-term debt (b) (c)	35	199	(389)
Gain (loss) recognized in earnings on hedged items			
Interest rate contracts			
Interest and fees on finance receivables and loans (d)	39	34	2
Interest on long-term debt (e)	(30)	(185)	402
Total derivatives qualifying for hedge accounting	35	63	22
Economic derivatives			
(Loss) gain recognized in earnings on derivatives			
Interest rate contracts			
Servicing asset valuation and hedge activities, net	—	—	(112)
Loss on mortgage and automotive loans, net	(2)	—	(37)
Other income, net of losses	(17)	(37)	14
Total interest rate contracts	(19)	(37)	(135)
Foreign exchange contracts (f)			
Interest on long-term debt	(139)	(172)	94
Other income, net of losses	12	12	24
Total foreign exchange contracts	(127)	(160)	118
Equity contracts			
Compensation and benefits expense	(10)	(5)	—
Total equity contracts	(10)	(5)	—
(Loss) gain recognized in earnings on derivatives	$(121)	$(139)	$5

(a) Amounts exclude losses related to interest for qualifying accounting hedges of portfolios of retail automotive loans held-for-investment, which are primarily offset by the fixed coupon payments of the loans. The losses were $64 million, $61 million, and $9 million for the years ended December 31, 2015, and 2014, and 2013, respectively.

(b) Amounts exclude gains related to interest for qualifying accounting hedges of debt, which are primarily offset by the fixed coupon payment on the long-term debt. The gains were $97 million, $112 million, and $131 million for the years ended December 31, 2015, 2014, and 2013, respectively.

(c) Amounts exclude gains related to interest for qualifying accounting hedges of secured debt (FHLB Advances), which are primarily offset by the fixed coupon payment on the long-term debt. The gains were $1 million for the year ended December 31, 2015.

(d) Amounts exclude losses related to amortization of deferred loan basis adjustments on the de-designated hedged item of $8 million for the year ended December 31, 2015.

(e) Amounts exclude gains related to amortization of deferred basis adjustments on the de-designated hedged item of $73 million, $155 million, and $247 million for the years ended December 31, 2015, 2014, and 2013, respectively.

(f) Amounts exclude gains and losses related to the revaluation of the related foreign-denominated debt or receivable. Gains of $132 million, and $165 million, and losses of $117 million, were recognized for the years ended December 31, 2015, 2014, and 2013, respectively.

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

Year ended December 31, ($ in millions)	2015	2014	2013
Cash flow hedges			
Interest rate contracts			
Loss reclassified from accumulated other comprehensive income to interest on long-term debt	$—	$(2)	$(7)
Total interest on long-term debt	$—	$(2)	$(7)
Gain recognized in other comprehensive income	$2	$2	$6
Net investment hedges			
Foreign exchange contracts			
Loss reclassified from accumulated other comprehensive income to income (loss) from discontinued operations, net	$(4)	$—	$(250)
Total loss from discontinued operations, net	$(4)	$—	$(250)
Gain recognized in other comprehensive income (a)	$33	$13	$309

(a) The amounts represent the effective portion of net investment hedges. There are offsetting amounts recognized in accumulated other comprehensive income related to the revaluation of the related net investment in foreign operations, including the tax impacts of the hedge and related net investment, as disclosed separately in Note 19. There were losses of $59 million, $41 million, and $582 million for the years ended December 31, 2015, 2014, and 2013, respectively.

23. Income Taxes

The significant components of income tax expense (benefit) from continuing operations were as follows.

Year ended December 31, ($ in millions)	2015	2014	2013
Current income tax expense (benefit)			
U.S. federal	$—	$(3)	$—
Foreign	6	8	4
State and local	3	5	—
Total current expense	9	10	4
Deferred income tax expense (benefit)			
U.S. federal	454	270	(67)
Foreign	1	2	(1)
State and local	32	39	5
Total deferred expense (benefit)	487	311	(63)
Total income tax expense (benefit) from continuing operations	$496	$321	$(59)

A reconciliation of income tax expense (benefit) from continuing operations with the amounts at the statutory U.S. federal income tax rate is shown in the following table.

Year ended December 31, ($ in millions)	2015	2014	2013
Statutory U.S. federal tax expense	$488	$436	$125
Change in tax resulting from			
State and local income taxes, net of federal income tax benefit	38	48	16
Effect of valuation allowance change	(26)	(64)	(154)
Nondeductible expenses	14	31	26
Tax credits	(12)	(10)	(45)
Changes in unrecognized tax benefits	(5)	(63)	(10)
Tax law enactment	—	(39)	(44)
Other, net	(1)	(18)	27

Total income tax expense (benefit) from continuing operations	$496	$321	$(59)

For the year ended December 31, 2015, consolidated income tax expense from continuing operations is largely driven by tax attributable to pretax earnings for the year, offset by tax benefits recognized from the release of our valuation allowance on capital loss carryforwards

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utilized against current year capital gains. For the year ended December 31, 2014, consolidated income tax expense from continuing operations was largely driven by tax attributable to pretax earnings for the year, offset by tax benefits recognized from the release of a portion of our valuation allowance on capital loss carryforwards utilized against 2014 capital gains, a reduction in the liability for unrecognized tax benefits that resulted from the completion of the U.S. federal audit related to our 2009 tax year, and the reinstatement of the active financing exception included in the Tax Increase Prevention Act of 2014. For the year ended December 31, 2013, consolidated income tax benefit from continuing operations was largely driven by a release of a portion of our valuation allowance related to the measurement of foreign tax credit carryforwards anticipated to be utilized in the future and release of our valuation allowance on capital loss carryforwards utilized against 2013 capital gains. Additional benefit was also recognized from a tax law enactment that retroactively reinstated the active financing exception.

As of each reporting date, we consider existing evidence, both positive and negative, that could impact our view with regard to future realization of deferred tax assets. We continue to believe it is more likely than not that the benefit for certain foreign tax credit, state net operating loss, and state capital 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.

The sale of our joint venture in China, which was completed in January 2015, resulted in additional capital gains that allowed us to realize our remaining U.S. federal capital loss carryforwards. This resulted in an income tax benefit upon the reversal of the valuation allowance on the related deferred tax asset.

The significant components of deferred tax assets and liabilities are reflected in the following table.

December 31, ($ in millions)	2015	2014
Deferred tax assets		
Tax credit carryforwards	$1,941	$1,911
Tax loss carryforwards	950	1,158
Adjustments to loan value	311	520
State and local taxes	194	227
Unearned insurance premiums	141	141
Hedging transactions	99	139
Other	212	210
Gross deferred tax assets	3,848	4,306
Valuation allowance	(582)	(734)
Deferred tax assets, net of valuation allowance	3,266	3,572
Deferred tax liabilities		
Lease transactions	1,273	1,148
Deferred acquisition costs	403	378
Debt transactions	162	161
Other	69	78
Gross deferred tax liabilities	1,907	1,765
Net deferred tax assets (a)	$1,359	$1,807

(a) Total net deferred tax assets includes $1,369 million of net deferred tax assets included in other assets on our Consolidated Balance Sheet for tax jurisdictions in a total net deferred tax asset position and $10 million included in accrued expenses and other liabilities on our Consolidated Balance Sheet for tax jurisdictions in a total net deferred tax liability position at December 31, 2015.

The following table summarizes net deferred tax assets including related valuation allowances at December 31, 2015.

($ in millions)	Deferred Tax Asset/(Liability)		Valuation Allowance	Net Deferred Tax Asset/(Liability)	Years of Expiration
Tax credit carryforwards					
Foreign tax credits	$ 1,748		$ (472)	$ 1,276	2016 - 2025
General business credits	173		—	173	2032 - 2035
AMT credits	20		—	20	n/a
Total tax credit carryforwards	1,941		(472)	1,469	
Tax loss carryforwards					
Net operating losses — federal	950		—	950	2031 - 2033
Net operating losses — state	208	(a)	(77)	131	2016 - 2035
Capital losses — state	28	(a)	(28)	—	2016 - 2017
Total tax loss carryforwards	1,186		(105)	1,081	
Other deferred tax assets	721		(5)	716	n/a
Deferred tax assets	3,848		(582)	3,266	
Deferred tax liabilities	(1,907)		—	(1,907)	n/a
Net deferred tax assets	$ 1,941		$ (582)	$ 1,359	

(a) State net operating loss and capital loss carryforwards are included in the state and local taxes total disclosed in our deferred inventory table above.

As of December 31, 2015, we do not assert that any foreign earnings are indefinitely reinvested outside of the United States. As a result, all deferred tax liabilities for incremental U.S. tax that stem from temporary differences related to investments in foreign subsidiaries or foreign corporate joint ventures have been recognized as of December 31, 2015.

The following table provides a reconciliation of the beginning and ending amount of unrecognized tax benefits.

($ in millions)	2015	2014	2013
Balance at January 1,	$ 191	$ 262	$ 102
Additions based on tax positions related to the current year	—	—	174
Additions for tax positions of prior years	7	9	1
Settlements	(10)	(79)	(14)
Expiration of statute of limitations	(3)	(1)	(1)
Balance at December 31,	$ 185	$ 191	$ 262

Included in the unrecognized tax benefits balances are some items, the recognition of which would not affect the effective tax rate, such as the tax effect of certain temporary differences and the portion of gross state unrecognized tax benefits that would be offset by the tax benefit of the associated federal deduction. At December 31, 2015, 2014, and 2013, the balance of unrecognized tax benefits that, if recognized, would affect our effective tax rate is $177 million, $182 million, and $240 million, respectively.

We recognize accrued interest and penalties related to uncertain income tax positions in interest expense and other operating expenses, respectively. For the years ended December 31, 2015, 2014, and 2013, less than $1 million, $1 million, and $2 million, respectively, were accrued for interest and penalties with the cumulative accrued balance totaling $2 million at December 31, 2015, $5 million at December 31, 2014, and $7 million at December 31, 2013.

It is reasonably possible that the unrecognized tax benefits will decrease by up to $180 million over the next twelve months if certain tax matters ultimately settle with the applicable taxing jurisdiction.

We file tax returns in the U.S. federal jurisdiction and various states and foreign jurisdictions. Our most significant operations remaining following our divestitures of various international operations are the United States and Canada. The oldest tax years that remain subject to examination for those jurisdictions are 2012 and 2011, respectively.

24. Share-based Compensation Plans

On December 24, 2014, as a result of Treasury completing the sale of all of its remaining shares in Ally's common stock, Ally exited the Troubled Asset Relief Program (TARP), which required us to comply with certain limitations on executive pay as determined by the Special Master of TARP Compensation (Special Master). Under TARP we established stock salary, or Deferred Stock Units (DSUs), and TARP Stock, or Incentive Restricted Stock Units (IRSUs), as forms of compensation to our senior executives, which were approved by the Special Master. During 2015, we discontinued granting DSU and IRSU awards to senior executives. We also grant Restricted Stock Units (RSUs) to

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executives under the Ally Financial 2014 Incentive Compensation Plan, which allows us to grant an array of equity-based and cash incentive awards to our named executive officers and other employees and service providers (other than our non-employee directors). Each of our approved compensation plans and awards were designed to provide our executives with an opportunity to share in the future growth in the value of Ally, which is necessary to attract and retain key executives.

Prior to our IPO in April 2014, all share-based awards were settled in cash and required liability treatment under the accounting guidance. Accounting treatment for liability-classified awards requires compensation expense to be adjusted each period until the awards are settled based on the value of the underlying share price. Prior to IPO, the Ally Board of Directors was required to determine a share price valuation (Share Price Valuation) for share-based compensation awards not less than annually. The Share Price Valuation determined by the Board prior to the IPO, assisted by an independent advisor, considered, among other things, the stock price performance, on an indexed basis, of publicly traded common stock issued by certain comparative companies and considered Ally's common stock as if it were freely tradable in the public markets. After the IPO, the share price valuation is based on the trading price for our stock. Also, after the IPO, certain awards, both existing and future grants, will be settled in stock and, as a result, will be accounted for as equity awards under the accounting guidance. For equity-classified awards, the compensation expense to be recognized over the vesting and service period is determined on the grant date. Certain awards will continue to require liability treatment and receive the same treatment as previously noted. For valuation purposes, we utilize Ally's share price as of the grant date and the end of each reporting period for determining the necessary share-based compensation expense, depending on the classification of the awards. The per-share fair value based on market price for purposes of share-based compensation was $18.64 as of December 31, 2015. We had 35,838,068 shares authorized and available for future grants of incentive-based equity awards at December 31, 2015.

During 2015 and 2014, we entered into prepaid equity forward contracts to economically hedge a portion of the price risk driven by fluctuations in the fair value of our DSU and IRSU awards. The prepaid equity forward contracts are hybrid instruments containing an embedded forward contract, which is considered a derivative instrument. The embedded derivative instrument is bifurcated from the host contract and is recorded at fair value with changes in fair value recorded as compensation and benefits expense in our Consolidated Statement of Income. For further information on our derivative instruments, refer to Note 22.

RSU Awards

RSU awards are incentive awards that have been granted to employees as phantom shares of Ally. Prior to our IPO, these awards were paid in cash. As a result, RSU awards required liability treatment and were remeasured quarterly at the Share Price Valuation until they were paid. The compensation costs related to these awards were ratably charged to expense over the applicable service period. Changes in the value related to the portion of the awards that had vested and had not been paid were recognized in earnings in the period in which the changes occurred. After the IPO, the majority of existing RSU awards settle in the form of Ally common stock, which changed the award classification from a liability award to an equity award. As a result of this classification change, a modification to the accounting for the existing awards was required. As part of the modification, the stock closing price on the date of the IPO (April 10, 2014) of $23.98 was used as the modification date value, which resulted in the recording of an increase to additional paid-in capital of $62 million, with a corresponding decrease in the liability. The remaining RSU cost for these awards, based on the modification date value, will be ratably charged to expense over the applicable service periods with an offset to additional paid-in capital. RSU awards granted in 2012 can vest in one of two different methods. The first method allows vesting ratably over a three-year period starting on the date the award was issued, with awards fully vesting in February 2015. The second method allows vesting ratably over a two-year period, starting on the date the award was issued, with awards fully vesting in February 2014. RSU awards granted in 2015, 2014, and 2013 vest using a single method where vesting is ratable over a two-year period starting on the date the award was issued, with the majority of the awards fully vesting in January 2017, 2016, and 2015. At December 31, 2015, there were a total of 6,476,427 RSU award shares outstanding, composed of 254,150 shares awarded during 2013, 1,691,509 shares awarded during 2014, and 4,530,768 shares awarded during 2015. At December 31, 2014, there were a total of 4,293,216 RSU award shares outstanding, composed of 17,571 shares awarded during 2009, 17,219 shares awarded during 2010, 0 shares awarded during 2011, 453,735 shares awarded during 2012, 2,053,271 shares awarded during 2013, and 1,751,420 shares awarded during 2014. We recognized expense related to RSU awards of $49 million, $46 million, and $64 million for the years ended December 31, 2015, 2014, and 2013, respectively. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income.

DSU Awards

DSU awards were generally granted to senior executives as phantom shares of Ally and were included as part of their base salary. DSU awards were commonly granted ratably each pay period throughout the year, vested immediately upon grant, and paid in cash. DSUs awarded in 2013, 2014, and 2015 will generally be redeemable in three equal installments: the first on the final payroll date of the respective year of grant, the second ratably over the first year following the grant date, and the third ratably over the second year following the grant date. The DSU awards require liability treatment and are remeasured monthly at fair value based on market price until they are paid, with each change in value fully charged to compensation expense in the period in which the change occurs. At December 31, 2015, and December 31, 2014, there were a total of 1,395,105 and 3,009,942 DSU awards outstanding, respectively. We recognized expense related to DSU awards, before economic hedge, of $3 million, $42 million, and $65 million for the years ended December 31, 2015, 2014, and 2013, respectively, for the outstanding awards. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income. For further information on our derivative instruments, refer to Note 22.

IRSU Awards

IRSU awards were incentive awards that had been granted to senior executives as phantom shares of Ally and vested based on continued service with Ally. IRSU awards from 2009, 2010, and 2011 have fully vested. There were no IRSU awards granted to senior executives in 2012. IRSU awards from 2013 vest two-thirds after two years from grant date and in full three years from grant date. IRSU awards from 2014 vest in 2016. As of December 31, 2014, Ally had repaid 100% of its TARP obligations, allowing complete payment of the fully vested awards. The vested IRSU awards that were being deferred until repayment of TARP obligations were paid out in January 2015. The remaining unvested IRSU awards are paid in cash after the vesting requirement is met. Payouts are based on fair value of Ally shares at the time of the payout. The awards require liability treatment and are remeasured monthly at fair value based on market price until they are paid. The compensation costs related to these awards are ratably charged to expense over the requisite service period. Changes in value relating to the portion of the awards that have vested and have not been paid are recognized in earnings in the period in which the changes occur. At December 31, 2015, and December 31, 2014, there were a total of 51,103 and 690,355 IRSU award shares outstanding, respectively. We recognized an expense related to IRSU awards, before economic hedge, of $1 million and $8 million for the years ended December 31, 2015, and 2013, respectively, and a reduction of expense, before economic hedge, of $2 million for the year ended December 31, 2014, for the outstanding awards. These costs were recorded as compensation and benefits expense in our Consolidated Statement of Income. For further information on our derivative instruments, refer to Note 22.

25. Fair Value

Fair Value Measurements

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

GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument’s categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Additionally, the entity must have the ability to access the active market, and the quoted prices cannot be adjusted by the entity.
Level 2	Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best assumptions of how market participants would price the assets or liabilities. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.
Transfers	Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfer occurred. There were no transfers between any levels for the year ended December 31, 2015.

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

- Available-for-sale securities — All classes of available-for-sale securities are carried at fair value based on observable market prices, when available. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).
- Mortgage loans held-for-sale, net — Certain of our mortgage loans held-for-sale are accounted for at fair value because of fair value option elections. Mortgage loans held-for-sale are typically pooled together and sold into certain exit markets depending on underlying attributes of the loan, such as eligibility with the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac), or the Government National Mortgage Association (Ginnie Mae) (collectively, the Government-sponsored Enterprises, or GSEs), product type, interest rate, and credit quality. Mortgage loans previously classified as Level 2 were mainly GSE-eligible mortgage loans carried at fair value due to fair value option election, which were valued predominantly using published forward agency prices. It also included any domestic loans where recently negotiated market prices for the loan pool exist with a counterparty (which approximates fair value) or quoted market prices for similar loans are available. These mortgage loans were transferred into Level 3 as of December 31, 2014, based on decreased observability of

significant inputs resulting from no longer being an active seller of mortgage loans to GSEs. As a result, at December 31, 2014, they were valued based on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilized prepayment, default, and discount rate assumptions.

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

- Interests retained in financial asset sales — The interests retained are in securitization trusts and deferred purchase prices on the sale of whole-loans. Due to inactivity in the market, valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate; therefore, we classified these assets as Level 3. The valuation considers recent market transactions, experience with similar assets, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilize various significant assumptions, including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses).
- Derivative instruments — We enter into a variety of derivative financial instruments as part of our risk management strategies. Certain of these derivatives are exchange traded, such as Eurodollar futures, options of Eurodollar futures, and equity options. To determine the fair value of these instruments, we utilize the quoted market prices for the particular derivative contracts; therefore, we classified these contracts as Level 1.

We also execute over-the-counter (OTC) and centrally-cleared derivative contracts, such as interest rate swaps, a cross-currency swap, swaptions, foreign-currency denominated forward contracts, prepaid equity forward contracts, caps, floors, and agency to-be-announced securities. For OTC contracts, we utilize third-party-developed valuation models that are widely accepted in the market to value these OTC derivative contracts. The specific terms of the contract and market observable inputs (such as interest rate forward curves, interpolated volatility assumptions, or equity pricing) are used in the model. We classified these OTC derivative contracts as Level 2 because all significant inputs into these models were market observable. For centrally-cleared contracts, we utilize unadjusted prices obtained from the clearing house as the basis for valuation, and they are also classified as Level 2. We did not have any derivative instruments classified as Level 3 as of December 31, 2015, or December 31, 2014.

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

Recurring Fair Value

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

	Recurring fair value measurements			
December 31, 2015 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$1,469	$272	$—	$1,741
U.S. State and political subdivisions	—	716	—	716
Foreign government	10	167	—	177
Mortgage-backed residential	—	10,366	—	10,366
Mortgage-backed commercial	—	481	—	481
Asset-backed	—	1,755	—	1,755
Corporate debt securities	—	1,204	—	1,204
Total debt securities	1,479	14,961	—	16,440
Equity securities (a)	717	—	—	717
Total available-for-sale securities	2,196	14,961	—	17,157
Other assets				
Interests retained in financial asset sales	—	—	40	40
Derivative contracts in a receivable position (b)				
Interest rate	2	229	—	231
Other	2	—	—	2
Total derivative contracts in a receivable position	4	229	—	233
Total assets	$2,200	$15,190	$40	$17,430
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position (b)				
Interest rate	$(2)	$(133)	$—	$(135)
Foreign currency	—	(1)	—	(1)
Other	(1)	(8)	—	(9)
Total derivative contracts in a payable position	(3)	(142)	—	(145)
Total liabilities	$(3)	$(142)	$—	$(145)

(a) Our investment in any one industry did not exceed 14%.
(b) For additional information on derivative instruments and hedging activities, refer to Note 22.

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

(a) Our investment in any one industry did not exceed 16%.
(b) Carried at fair value due to fair value option elections.
(c) For additional information on derivative instruments and hedging activities, refer to Note 22.
(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

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

	Level 3 recurring fair value measurements										
		Net realized/unrealized gains									
($ in millions)	Fair value at January 1, 2015	included in earnings		included in OCI	Purchases	Sales	Issuances	Settlements	Transfers into level 3	Transfers out of level 3	Fair value at December 31, 2015	Net unrealized gains included in earnings still held at December 31, 2015
Assets												
Loans held-for-sale	$3	$ 1		$ —	$ —	$ (4)	$ —	$ —	$—	$ —	$—	$—
Other assets												
Interests retained in financial asset sales	47	9	(a)	—	—	—	26	(42)	—	—	40	—
Total assets	$50	$ 10		$ —	$ —	$ (4)	$ 26	$ (42)	$—	$ —	$40	$—

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

	Level 3 recurring fair value measurements										
		Net realized/unrealized gains									
($ in millions)	Fair value at January 1, 2014	included in earnings		included in OCI	Purchases	Sales	Issuances	Settlements	Transfers into level 3	Transfers out of level 3	Fair value at December 31, 2014	Net unrealized gains included in earnings still held at December 31, 2014
Assets												
Loans held-for-sale	$—	$ —		$ —	$ —	$—	$ —	$ —	$3	$ —	$3	$ 1
Other assets												
Interests retained in financial asset sales	100	13	(a)	—	—	—	—	(66)	—	—	47	—
Interest rate derivative contracts, net	(1)	—		—	—	—	—	(2)	—	3	—	—
Total assets	$99	$ 13		$ —	$ —	$—	$ —	$ (68)	$3	$ 3	$50	$ 1

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

Nonrecurring Fair Value

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

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

December 31, 2015 ($ in millions)	Nonrecurring fair value measurements Level 1	Level 2	Level 3	Total	Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the year ended	
Assets							
Loans held-for-sale	$—	$—	$105	$105	$ —	n/m	(a)
Commercial finance receivables and loans, net (b)							
Commercial and industrial							
Automotive	—	—	19	19	(2)	n/m	(a)
Other	—	—	29	29	(15)	n/m	(a)
Commercial real estate — Automotive	—	—	4	4	(3)	n/m	(a)
Total commercial finance receivables and loans, net	—	—	52	52	(20)	n/m	(a)
Other assets							
Repossessed and foreclosed assets (c)	—	—	9	9	(3)	n/m	(a)
Other	—	—	6	6	(2)	n/m	(a)
Total assets	$—	$—	$172	$172	$ (25)	n/m	

n/m = not meaningful

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

(b) Represents the portion of the portfolio specifically impaired during 2015. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

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

December 31, 2014 ($ in millions)	Nonrecurring fair value measurements Level 1	Level 2	Level 3	Total	Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the year ended	
Assets							
Loans held-for-sale	$—	$—	$36	$36	$ —	n/m	(a)
Commercial finance receivables and loans, net (b)							
Automotive	—	—	24	24	(6)	n/m	(a)
Other	—	—	32	32	(15)	n/m	(a)
Total commercial finance receivables and loans, net	—	—	56	56	(21)	n/m	(a)
Other assets							
Repossessed and foreclosed assets (c)	—	—	8	8	(2)	n/m	(a)
Other	—	—	2	2	—	n/m	(a)
Total assets	$—	$—	$102	$102	$ (23)	n/m	

n/m = not meaningful

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

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

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

Fair Value Option for Financial Assets

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

Fair Value of Financial Instruments

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

		Estimated fair value			
December 31, ($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total
2015					
Financial assets					
Loans held-for-sale, net	$105	$—	$—	$105	$105
Finance receivables and loans, net	110,546	—	—	110,737	110,737
Nonmarketable equity investments	418	—	391	42	433
Financial liabilities					
Deposit liabilities	$66,478	$—	$—	$66,889	$66,889
Short-term borrowings	8,101	—	—	8,102	8,102
Long-term debt	66,234	—	23,018	45,157	68,175
2014					
Financial assets					
Loans held-for-sale, net	$2,003	$—	$485	$1,554	$2,039
Finance receivables and loans, net	98,971	—	—	99,430	99,430
Nonmarketable equity investments	271	—	246	33	279
Financial liabilities					
Deposit liabilities	$58,203	$—	$—	$58,777	$58,777
Short-term borrowings	7,062	—	—	7,063	7,063
Long-term debt	66,380	—	25,224	44,084	69,308

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

- Cash and cash equivalents — Included in cash and cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value due to interest rate, quoted price, or penalty on withdrawal. Classified as Level 1 under the fair value hierarchy, cash and cash equivalents generally expose us to limited credit risk and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. As such, the carrying value approximates the fair value of these instruments.
- Loans held-for-sale, net — Loans held-for-sale classified as Level 3 include all loans valued using internally developed valuation models because observable market prices were not available. We based our valuation of automotive loans held-for-sale on internally developed discounted cash flow models (an income approach). These valuation models estimate the exit price we expect to receive in the loan's principal market, which, depending on characteristics of the

loans, may be the whole-loan market or the securitization market. Although we utilize and give priority to market observable inputs, such as interest rates and market spreads within these models, we are typically required to utilize internal inputs, such as prepayment speeds (absolute prepayment model, or ABS), gross loss range by loan segment (percentage of receivable balance lost in the event of default), and credit spreads (the risk premium component added to observed benchmark rate to determine the discount rate used in the discounted cash flow model). While numerous controls exist to calibrate, corroborate, and validate these internal inputs, these internal inputs require the use of judgment and can have a significant impact on the determination of the loan’s value. Accordingly, we classified all automotive loans held-for-sale as Level 3 as of December 31, 2014. Loans held-for-sale classified as Level 2 as of December 31, 2014, represent mortgage TDR loans valued using quoted prices in active markets for similar assets.

- Finance receivables and loans, net — With the exception of mortgage loans held-for-investment, the fair value of finance receivables and loans was based on discounted future cash flows using applicable spreads to approximate current rates applicable to each category of finance receivables and loans (an income approach using Level 3 inputs). The carrying value of commercial receivables in certain markets and certain automotive and other receivables for which interest rates reset on a short-term basis with applicable market indices are assumed to approximate fair value either because of the short-term nature or because of the interest rate adjustment feature. The fair value of commercial receivables in other markets was based on discounted future cash flows using applicable spreads to approximate current rates applicable to similar assets in those markets.

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

- Deposit liabilities — Deposit liabilities represent certain consumer and brokered bank deposits, mortgage escrow deposits, and dealer deposits. The fair value of deposits at Level 3 were estimated by discounting projected cash flows based on discount factors derived from the forward interest rate swap curve.
- Short-term borrowings and Long-term debt — Level 2 debt was valued using quoted market prices for similar instruments, when available, or other means for substantiation with observable inputs. Debt valued by discounting projected cash flows using internally derived inputs, such as prepayment speeds and discount rates, was classified as Level 3.
- Financial instruments for which carrying value approximates fair value — Certain financial instruments that are not carried at fair value on the consolidated balance sheet are carried at amounts that approximate fair value primarily due to their short term nature and limited credit risk. These instruments include restricted cash, cash collateral, accrued interest receivable, accrued interest payable, trade receivables and payables, and other short term receivables and payables.

26. Offsetting Assets and Liabilities

Our derivative contracts and repurchase/reverse repurchase transactions are supported by qualifying master netting and master repurchase agreements. These agreements are legally enforceable bilateral agreements that (1) create a single legal obligation for all individual transactions covered by the agreement to the nondefaulting entity upon an event of default of the counterparty, including bankruptcy, insolvency, or similar proceeding, and (2) provide the nondefaulting entity the right to accelerate, terminate, and close-out on a net basis all transactions under the agreement and to liquidate or set off collateral promptly upon an event of default of the counterparty.

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

In certain instances as it relates to our derivative instruments, we have the option to report derivative assets and liabilities as well as assets and liabilities associated with cash collateral received or delivered that is governed by a master netting agreement on a net basis as long as certain qualifying criteria are met. Similarly, for our repurchase/reverse repurchase transactions, we have the option to report recognized assets and liabilities subject to a master netting agreement on a net basis if certain qualifying criteria are met. At December 31, 2015, these instruments are reported as gross assets and gross liabilities on the Consolidated Balance Sheet.

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

December 31, 2015 ($ in millions)	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets/(Liabilities) Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		
				Financial Instruments	Collateral (a) (b) (c)	Net Amount
Assets						
Derivative assets in net asset positions	$ 224	$ —	$ 224	$ (69)	$ (67)	$ 88
Derivative assets in net liability positions	9	—	9	(9)	—	—
Total assets (d)	$ 233	$ —	$ 233	$ (78)	$ (67)	$ 88
Liabilities						
Derivative liabilities in net liability positions	$ (68)	$ —	$ (68)	$ 9	$ 2	$ (57)
Derivative liabilities in net asset positions	(69)	—	(69)	69	—	—
Derivative liabilities with no offsetting arrangements	(8)	—	(8)	—	—	(8)
Total derivative liabilities (d)	(145)	—	(145)	78	2	(65)
Securities sold under agreements to repurchase (e)	(648)	—	(648)	—	648	—
Total liabilities	$ (793)	$ —	$ (793)	$ 78	$ 650	$ (65)

(a) Financial collateral received/pledged shown as a balance based on the sum of all net asset and liability positions between Ally and each individual derivative counterparty.
(b) Amounts disclosed are limited to the financial asset or liability balance and, accordingly, exclude excess collateral received or pledged and noncash collateral received. $7 million of noncash derivative collateral pledged to us was excluded at December 31, 2015. We do not record such collateral received on our Consolidated Balance Sheet unless certain conditions are met.
(c) Certain agreements grant us the right to sell or pledge the noncash assets we receive as collateral. Noncash collateral pledged to us where the agreement grants us the right to sell or pledge the underlying assets had a fair value of $7 million at December 31, 2015. We have not sold or pledged any of the noncash collateral received under these agreements as of December 31, 2015.
(d) For additional information on derivative instruments and hedging activities, refer to Note 22.
(e) For additional information on securities sold under agreements to repurchase, refer to Note 15.

December 31, 2014 ($ in millions)	Gross Amounts of Recognized Assets/(Liabilities)	Gross Amounts Offset in the Consolidated Balance Sheet	Net Amounts of Assets/(Liabilities) Presented in the Consolidated Balance Sheet	Gross Amounts Not Offset in the Consolidated Balance Sheet		
				Financial Instruments	Collateral (a)	Net Amount
Assets						
	$ 216	$ —	$ 216	$ (60)	$ (68)	$ 88

Derivative assets in net asset positions						
Derivative assets in net liability positions	47	—	47	(47)	—	—
Total assets (b)	$ 263	$ —	$ 263	$ (107)	$ (68)	$ 88
Liabilities						
Derivative liabilities in net liability positions	$ (188)	$ —	$ (188)	$ 47	$ 54	$ (87)
Derivative liabilities in net asset positions	(60)	—	(60)	60	—	—
Derivative liabilities with no offsetting arrangements	(4)	—	(4)	—	—	(4)
Total derivative liabilities (b)	(252)	—	(252)	107	54	(91)
Securities sold under agreements to repurchase (c)	(774)	—	(774)	—	774	—
Total liabilities	$ (1,026)	$ —	$ (1,026)	$ 107	$ 828	$ (91)

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

(b) For additional information on derivative instruments and hedging activities, refer to Note 22.

(c) For additional information on securities sold under agreements to repurchase, refer to Note 15.

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27. Segment and Geographic Information

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

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

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

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

Mortgage operations — Our Mortgage operations include the management of our held-for-investment mortgage loan portfolio and includes the execution of bulk purchases of high-quality jumbo and low-to-moderate income mortgage loans originated by third parties.

Corporate and Other primarily consists of Corporate Finance, centralized corporate treasury activities, such as management of the cash and corporate investment securities portfolios, short- and long-term debt, retail and brokered deposit liabilities, derivative instruments, the amortization of the discount associated with debt issuances and bond exchanges, and the residual impacts of our corporate funds-transfer pricing (FTP) and treasury asset liability management (ALM) activities. Corporate and Other also includes certain equity investments and reclassifications and eliminations between the reportable operating segments. Corporate Finance is a middle market lender that provides senior secured leveraged cash flow and asset based loans primarily to U.S.-based companies.

We utilize an FTP methodology for the majority of our business operations. The FTP methodology assigns charge rates and credit rates to classes of assets and liabilities based on expected duration and the benchmark rate curve plus an assumed credit spread. Matching duration allocates interest income and interest expense to these reportable segments so their respective results are insulated from interest rate risk. This methodology is consistent with our ALM practices, which includes managing interest rate risk centrally at a corporate level. The net residual impact of the FTP methodology is included within the results of Corporate and Other.

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

Change in Allocation of Costs to Reportable Segments

During the fourth quarter of 2015, we began to allocate additional overhead expenses related to centralized support functions to our Automotive Finance, Insurance, and Mortgage operations as a result of a change in management's view of our operations. These expenses were previously included within our Corporate and Other activities. Amounts for 2014 and 2013 have been reclassified to conform to the current management view.

Financial information for our reportable operating segments is summarized as follows.

Year ended December 31, ($ in millions)	Automotive Finance operations	Insurance operations	Mortgage operations	Corporate and Other (a)	Consolidated (b)
2015					
Net financing revenue	$3,429	$57	$72	$161	$3,719
Other revenue (loss)	235	1,033	87	(213)	1,142
Total net revenue (loss)	3,664	1,090	159	(52)	4,861
Provision for loan losses	696	—	1	10	707
Total noninterest expense	1,633	879	68	181	2,761
Income (loss) from continuing operations before income tax expense	$1,335	$211	$90	$(243)	$1,393
Total assets	$115,636	$7,053	$9,768	$26,124	$158,581
2014					
Net financing revenue (loss)	$3,321	$56	$43	$(45)	$3,375
Other revenue (loss)	264	1,129	17	(134)	1,276
Total net revenue (loss)	3,585	1,185	60	(179)	4,651
Provision for loan losses	542	—	(69)	(16)	457
Total noninterest expense	1,614	988	70	276	2,948
Income (loss) from continuing operations before income tax expense	$1,429	$197	$59	$(439)	$1,246
Total assets	$113,188	$7,190	$7,884	$23,369	$151,631
2013					
Net financing revenue (loss)	$3,159	$57	$76	$(513)	$2,779
Other revenue	268	1,196	—	20	1,484
Total net revenue (loss)	3,427	1,253	76	(493)	4,263
Provision for loan losses	494	—	13	(6)	501
Total noninterest expense	1,755	999	324	327	3,405
Income (loss) from continuing operations before income tax expense	$1,178	$254	$(261)	$(814)	$357
Total assets	$109,312	$7,124	$8,168	$26,304	$150,908

(a) Total assets for Corporate Finance were $2.7 billion, $1.9 billion, and $1.6 billion at December 31, 2015, 2014, and 2013, respectively.

(b) Net financing revenue after the provision for loan losses totaled $3.0 billion, $2.9 billion, and $2.3 billion for the years ended December 31, 2015, 2014, and 2013, respectively.

Information concerning principal geographic areas were as follows.

Year ended December 31, ($ in millions)	Revenue (a)	Income (loss) from continuing operations before income tax expense (b)	Net income (loss) (b)(c)	Identifiable assets (d)	Long-lived assets (e)
2015					
Canada	$98	$47	$35	$514	$—
Europe	1	4	27	325	—
Latin America	—	—	(2)	28	—
Asia-Pacific	—	—	452	2	—
Total foreign (f)	99	51	512	869	—
Total domestic (g)	4,762	1,342	777	157,685	16,506
Total	$4,861	$1,393	$1,289	$158,554	$16,506
2014					
Canada	$124	$54	$68	$590	$—
Europe	2	—	4	1,636	—
Latin America	—	—	(8)	29	—
Asia-Pacific	—	—	122	636	—
Total foreign (f)	126	54	186	2,891	—
Total domestic (g)	4,525	1,192	964	148,713	19,735
Total	$4,651	$1,246	$1,150	$151,604	$19,735
2013					
Canada	$171	$64	$1,266	$704	$—
Europe (h)	(8)	(18)	(88)	1,972	—
Latin America	—	7	300	29	—
Asia-Pacific	1	(2)	117	520	—
Total foreign	164	51	1,595	3,225	—
Total domestic (g)	4,099	306	(1,234)	147,656	17,916
Total	$4,263	$357	$361	$150,881	$17,916

(a) Revenue consists of net financing revenue and total other revenue as presented in our Consolidated Statement of Income.
(b) The domestic amounts include original discount amortization of $62 million, $189 million, and $262 million for the years ended December 31, 2015, 2014, and 2013, respectively.
(c) Gain (loss) realized on sale of discontinued operations are allocated to the geographic area in which the business operated.
(d) Identifiable assets consist of total assets excluding goodwill.
(e) Long-lived assets consist of investment in operating leases, net, and net property and equipment.
(f) Our foreign operations as of December 31, 2015, and December 31, 2014, consist of our ongoing Insurance operations in Canada, and our remaining international entities in wind-down.
(g) Amounts include eliminations between our domestic and foreign operations.
(h) Amounts include eliminations between our foreign operations.

28. Parent and Guarantor Consolidating Financial Statements

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

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

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

Condensed Consolidating Statements of Comprehensive Income

Year ended December 31, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(83)	$—	$4,653	$—	$4,570
Interest and fees on finance receivables and loans — intercompany	17	—	24	(41)	—
Interest on loans held-for-sale	—	—	40	—	40
Interest and dividends on available-for-sale investment securities	—	—	381	—	381
Interest on cash and cash equivalents	1	—	7	—	8
Interest-bearing cash — intercompany	—	—	8	(8)	—
Operating leases	9	—	3,389	—	3,398
Total financing revenue and other interest income	(56)	—	8,502	(49)	8,397
Interest expense					
Interest on deposits	10	—	708	—	718
Interest on short-term borrowings	40	—	9	—	49
Interest on long-term debt	1,121	—	541	—	1,662
Interest on intercompany debt	32	—	17	(49)	—
Total interest expense	1,203	—	1,275	(49)	2,429
Depreciation expense on operating lease assets	7	—	2,242	—	2,249
Net financing (loss) revenue	(1,266)	—	4,985	—	3,719
Cash dividends from subsidiaries					
Bank subsidiaries	525	525	—	(1,050)	—
Nonbank subsidiaries	1,123	—	—	(1,123)	—
Other revenue					
Servicing fees	1,137	—	834	(1,926)	45
Insurance premiums and service revenue earned	—	—	940	—	940
(Loss) gain on mortgage and automotive loans, net	(9)	—	54	—	45
Loss on extinguishment of debt	(355)	—	(2)	—	(357)
Other gain on investments, net	—	—	155	—	155
Other income, net of losses	236	—	539	(461)	314
Total other revenue	1,009	—	2,520	(2,387)	1,142
Total net revenue	1,391	525	7,505	(4,560)	4,861
Provision for loan losses	157	—	550	—	707
Noninterest expense					
Compensation and benefits expense	571	—	842	(450)	963
Insurance losses and loss adjustment expenses	—	—	293	—	293
Other operating expenses	1,247	—	2,195	(1,937)	1,505
Total noninterest expense	1,818	—	3,330	(2,387)	2,761
(Loss) income from continuing operations before income tax (benefit) expense and	(584)	525	3,625	(2,173)	1,393

undistributed income (loss) of subsidiaries					
Income tax (benefit) expense from continuing operations	(267)	—	763	—	496
Net (loss) income from continuing operations	(317)	525	2,862	(2,173)	897
Income from discontinued operations, net of tax	356	—	36	—	392
Undistributed income (loss) of subsidiaries					
Bank subsidiary	581	581	—	(1,162)	—
Nonbank subsidiaries	669	(1)	—	(668)	—
Net income	1,289	1,105	2,898	(4,003)	1,289
Other comprehensive loss, net of tax	(165)	(43)	(172)	215	(165)
Comprehensive income	$1,124	$1,062	$2,726	$(3,788)	$1,124

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Year ended December 31, 2014 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$(14)	$—	$4,471	$—	$4,457
Interest and fees on finance receivables and loans — intercompany	37	—	82	(119)	—
Interest on loans held-for-sale	—	—	1	—	1
Interest and dividends on available-for-sale investment securities	—	—	367	—	367
Interest on cash and cash equivalents	1	—	7	—	8
Interest-bearing cash — intercompany	—	—	6	(6)	—
Operating leases	269	—	3,289	—	3,558
Total financing revenue and other interest income	293	—	8,223	(125)	8,391
Interest expense					
Interest on deposits	15	—	649	—	664
Interest on short-term borrowings	43	—	9	—	52
Interest on long-term debt	1,492	—	575	—	2,067
Interest on intercompany debt	88	—	37	(125)	—
Total interest expense	1,638	—	1,270	(125)	2,783
Depreciation expense on operating lease assets	161	—	2,072	—	2,233
Net financing (loss) revenue	(1,506)	—	4,881	—	3,375
Cash dividends from subsidiaries					
Bank subsidiaries	1,800	1,800	—	(3,600)	—
Nonbank subsidiaries	651	—	—	(651)	—
Other revenue					
Servicing fees	1,071	—	792	(1,832)	31
Insurance premiums and service revenue earned	—	—	979	—	979
(Loss) gain on mortgage and automotive loans, net	(5)	—	12	—	7
Loss on extinguishment of debt	(202)	—	—	—	(202)
Other gain on investments, net	—	—	181	—	181
Other income, net of losses	208	—	507	(435)	280
Total other revenue	1,072	—	2,471	(2,267)	1,276
Total net revenue	2,017	1,800	7,352	(6,518)	4,651
Provision for loan losses	250	—	207	—	457
Noninterest expense					
Compensation and benefits expense	586	—	793	(432)	947
Insurance losses and loss adjustment expenses	—	—	410	—	410
Other operating expenses	1,267	—	2,159	(1,835)	1,591
Total noninterest expense	1,853	—	3,362	(2,267)	2,948
(Loss) income from continuing operations before income tax (benefit) expense and undistributed (loss) income of subsidiaries	(86)	1,800	3,783	(4,251)	1,246

Income tax (benefit) expense from continuing operations	(457)	—	778	—	321
Net income from continuing operations	371	1,800	3,005	(4,251)	925
Income from discontinued operations, net of tax	193	—	32	—	225
Undistributed (loss) income of subsidiaries					
Bank subsidiary	(680)	(680)	—	1,360	—
Nonbank subsidiaries	1,266	(1)	—	(1,265)	—
Net income	1,150	1,119	3,037	(4,156)	1,150
Other comprehensive income, net of tax	210	188	212	(400)	210
Comprehensive income	$1,360	$1,307	$3,249	$(4,556)	$1,360

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Year ended December 31, 2013 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$771	$—	$ 3,758	$ —	$ 4,529
Interest and fees on finance receivables and loans — intercompany	59	—	68	(127)	—
Interest on loans held-for-sale	—	—	20	—	20
Interest and dividends on available-for-sale investment securities	—	—	325	—	325
Interest on cash and cash equivalents	3	—	7	—	10
Interest-bearing cash — intercompany	—	—	7	(7)	—
Operating leases	500	—	2,709	—	3,209
Total financing revenue and other interest income	1,333	—	6,894	(134)	8,093
Interest expense					
Interest on deposits	25	—	629	—	654
Interest on short-term borrowings	46	—	17	—	63
Interest on long-term debt	2,039	—	568	(5)	2,602
Interest on intercompany debt	66	—	62	(128)	—
Total interest expense	2,176	—	1,276	(133)	3,319
Depreciation expense on operating lease assets	369	—	1,626	—	1,995
Net financing (loss) revenue	(1,212)	—	3,992	(1)	2,779
Cash dividends from subsidiaries					
Nonbank subsidiaries	5,732	3,659	—	(9,391)	—
Other revenue					
Servicing fees	152	—	(26)	—	126
Servicing asset valuation and hedge activities, net	—	—	(213)	—	(213)
Total servicing income (loss), net	152	—	(239)	—	(87)
Insurance premiums and service revenue earned	—	—	1,012	—	1,012
Gain on mortgage and automotive loans, net	—	—	55	—	55
(Loss) gain on extinguishment of debt	(61)	—	2	—	(59)
Other gain on investments, net	—	—	180	—	180
Other income, net of losses	157	—	1,438	(1,212)	383
Total other revenue	248	—	2,448	(1,212)	1,484
Total net revenue	4,768	3,659	6,440	(10,604)	4,263
Provision for loan losses	196	—	305	—	501
Noninterest expense					
Compensation and benefits expense	640	—	821	(442)	1,019
Insurance losses and loss adjustment expenses	—	—	405	—	405
Other operating expenses	501	—	2,250	(770)	1,981
Total noninterest expense	1,141	—	3,476	(1,212)	3,405
Income from continuing operations before income tax (benefit) expense and undistributed	3,431	3,659	2,659	(9,392)	357

income (loss) of subsidiaries					
Income tax (benefit) expense from continuing operations	(969)	—	910	—	(59)
Net income from continuing operations	4,400	3,659	1,749	(9,392)	416
(Loss) income from discontinued operations, net of tax	(1,321)	(19)	1,284	1	(55)
Undistributed income (loss) of subsidiaries					
Bank subsidiary	883	883	—	(1,766)	—
Nonbank subsidiaries	(3,601)	(2,393)	—	5,994	—
Net income	361	2,130	3,033	(5,163)	361
Other comprehensive loss, net of tax	(587)	(812)	(873)	1,685	(587)
Comprehensive (loss) income	$(226)	$1,318	$2,160	$(3,478)	$(226)

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Condensed Consolidating Balance Sheet

December 31, 2015 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$1,234	$—	$914	$—	$ 2,148
Interest-bearing	401	—	3,831	—	4,232
Interest-bearing — intercompany	—	—	850	(850)	—
Total cash and cash equivalents	1,635	—	5,595	(850)	6,380
Investment securities	—	—	17,157	—	17,157
Loans held-for-sale, net	—	—	105	—	105
Finance receivables and loans, net					
Finance receivables and loans, net	2,636	—	108,964	—	111,600
Intercompany loans to					
Bank subsidiary	600	—	—	(600)	—
Nonbank subsidiaries	3,277	—	559	(3,836)	—
Allowance for loan losses	(72)	—	(982)	—	(1,054)
Total finance receivables and loans, net	6,441	—	108,541	(4,436)	110,546
Investment in operating leases, net	81	—	16,190	—	16,271
Intercompany receivables from					
Bank subsidiary	186	—	—	(186)	—
Nonbank subsidiaries	259	—	282	(541)	—
Investment in subsidiaries					
Bank subsidiary	16,496	16,496	—	(32,992)	—
Nonbank subsidiaries	10,902	11	—	(10,913)	—
Premiums receivable and other insurance assets	—	—	1,827	(26)	1,801
Other assets	4,785	—	4,488	(2,952)	6,321
Total assets	$40,785	$16,507	$154,185	$ (52,896)	$ 158,581
Liabilities					
Deposit liabilities					
Noninterest-bearing	$—	$—	$89	$—	$ 89
Interest-bearing	229	—	66,160	—	66,389
Total deposit liabilities	229	—	66,249	—	66,478
Short-term borrowings	3,453	—	4,648	—	8,101
Long-term debt	21,048	—	45,186	—	66,234
Intercompany debt to					
Nonbank subsidiaries	1,409	—	3,877	(5,286)	—
Intercompany payables to					
Bank subsidiary	142	—	—	(142)	—
Nonbank subsidiaries	420	—	191	(611)	—
Interest payable	258	—	92	—	350
Unearned insurance premiums and service revenue	—	—	2,434	—	2,434
Accrued expenses and other liabilities	387	82	4,028	(2,952)	1,545
Total liabilities	27,346	82	126,705	(8,991)	145,142

Total equity	13,439	16,425	27,480	(43,905)	13,439
Total liabilities and equity	$40,785	$16,507	$154,185	$(52,896)	$ 158,581

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

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December 31, 2014 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					
Noninterest-bearing	$986	$—	$362	$—	$ 1,348
Interest-bearing	1,300	—	2,928	—	4,228
Interest-bearing — intercompany	—	—	615	(615)	—
Total cash and cash equivalents	2,286	—	3,905	(615)	5,576
Investment securities	—	—	16,137	—	16,137
Loans held-for-sale, net	3	—	2,000	—	2,003
Finance receivables and loans, net					
Finance receivables and loans, net	4,225	—	95,723	—	99,948
Intercompany loans to					
Bank subsidiary	625	—	—	(625)	—
Nonbank subsidiaries	3,500	—	1,770	(5,270)	—
Allowance for loan losses	(102)	—	(875)	—	(977)
Total finance receivables and loans, net	8,248	—	96,618	(5,895)	98,971
Investment in operating leases, net	—	—	19,510	—	19,510
Intercompany receivables from					
Bank subsidiary	219	—	—	(219)	—
Nonbank subsidiaries	267	—	393	(660)	—
Investment in subsidiaries					
Bank subsidiary	15,967	15,967	—	(31,934)	—
Nonbank subsidiaries	11,559	12	—	(11,571)	—
Premiums receivable and other insurance assets	—	—	1,717	(22)	1,695
Other assets	4,757	—	4,814	(2,466)	7,105
Assets of operations held-for-sale	634	—	—	—	634
Total assets	$43,940	$15,979	$145,094	$(53,382)	$ 151,631
Liabilities					
Deposit liabilities					
Noninterest-bearing	$—	$—	$64	$—	$ 64
Interest-bearing	319	—	57,820	—	58,139
Total deposit liabilities	319	—	57,884	—	58,203
Short-term borrowings	3,338	—	3,724	—	7,062
Long-term debt	21,067	—	45,313	—	66,380
Intercompany debt to					
Nonbank subsidiaries	2,385	—	4,125	(6,510)	—
Intercompany payables to					
Bank subsidiary	94	—	—	(94)	—
Nonbank subsidiaries	454	—	354	(808)	—
Interest payable	316	—	161	—	477
Unearned insurance premiums and service revenue	—	—	2,375	—	2,375
Accrued expenses and other liabilities	568	82	3,551	(2,466)	1,735
Total liabilities	28,541	82	117,487	(9,878)	136,232

Total equity	15,399	15,897	27,607	(43,504)	15,399
Total liabilities and equity	$43,940	$15,979	$145,094	$(53,382)	$ 151,631

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

Condensed Consolidating Statement of Cash Flows

Year ended December 31, 2015 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$354	$525	$6,390	$(2,174)	$5,095
Investing activities					
Purchases of available-for-sale securities	—	—	(12,250)	—	(12,250)
Proceeds from sales of available-for-sale securities	—	—	6,874	—	6,874
Proceeds from maturities and repayments of available-for-sale securities	—	—	4,255	—	4,255
Net decrease (increase) in finance receivables and loans	1,785	—	(15,630)	—	(13,845)
Proceeds from sales of finance receivables and loans originated as held-for investment	—	—	3,197	—	3,197
Net change in loans — intercompany	240	—	1,211	(1,451)	—
Purchases of operating lease assets	(94)	—	(4,591)	—	(4,685)
Disposals of operating lease assets	7	—	5,539	—	5,546
Capital contributions to subsidiaries	(796)	(1)	—	797	—
Returns of contributed capital	1,444	—	—	(1,444)	—
Proceeds from sale of business units, net	1,049	—	—	—	1,049
Net change in restricted cash	(7)	—	271	—	264
Other, net	(47)	—	(105)	—	(152)
Net cash provided by (used in) investing activities	3,581	(1)	(11,229)	(2,098)	(9,747)
Financing activities					
Net change in short-term borrowings — third party	115	—	913	—	1,028
Net (decrease) increase in deposits	(91)	—	8,338	—	8,247
Proceeds from issuance of long-term debt — third party	5,428	—	25,237	—	30,665
Repayments of long-term debt — third party	(5,931)	—	(25,419)	—	(31,350)
Net change in debt — intercompany	(977)	—	(240)	1,217	—
Repurchase and redemption of preferred stock	(559)	—	—	—	(559)
Dividends paid — third party	(2,571)	—	—	—	(2,571)
Dividends paid and returns of contributed capital — intercompany	—	(525)	(3,092)	3,617	—
Capital contributions from parent	—	1	796	(797)	—
Net cash (used in) provided by financing activities	(4,586)	(524)	6,533	4,037	5,460
Effect of exchange-rate changes on cash and cash equivalents	—	—	(4)	—	(4)
Net (decrease) increase in cash and cash equivalents	(651)	—	1,690	(235)	804
Cash and cash equivalents at beginning of year	2,286	—	3,905	(615)	5,576
Cash and cash equivalents at end of year	$1,635	$—	$5,595	$(850)	$6,380

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Explanation of Responses:

Year ended December 31, 2014 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$330	$1,789	$5,533	$(4,249)	$3,403
Investing activities					
Purchases of available-for-sale securities	—	—	(5,417)	—	(5,417)
Proceeds from sales of available-for-sale securities	—	—	4,277	(17)	4,260
Proceeds from maturities and repayments of available-for-sale securities	—	—	2,657	—	2,657
Net decrease (increase) in finance receivables and loans	1,900	—	(6,941)	17	(5,024)
Proceeds from sales of finance receivables and loans originated as held-for-investment	—	—	2,592	—	2,592
Net change in loans — intercompany	1,428	—	154	(1,582)	—
Purchases of operating lease assets	(2,337)	—	(7,547)	—	(9,884)
Disposals of operating lease assets	3,053	—	2,807	—	5,860
Capital contributions to subsidiaries	(1,179)	—	—	1,179	—
Returns of contributed capital	1,422	—	—	(1,422)	—
Proceeds from sale of business units, net	46	—	1	—	47
Net change in restricted cash	—	—	1,625	—	1,625
Other, net	(29)	—	101	—	72
Net cash provided by (used in) investing activities	4,304	—	(5,691)	(1,825)	(3,212)
Financing activities					
Net change in short-term borrowings — third party	113	—	(1,607)	—	(1,494)
Net (decrease) increase in deposits	(121)	—	4,972	—	4,851
Proceeds from issuance of long-term debt — third party	3,132	—	24,060	—	27,192
Repayments of long-term debt — third party	(8,186)	—	(22,240)	—	(30,426)
Net change in debt — intercompany	52	—	(1,428)	1,376	—
Dividends paid — third party	(268)	—	—	—	(268)
Dividends paid and returns of contributed capital — intercompany	—	(1,826)	(3,846)	5,672	—
Capital contributions from parent	—	—	1,179	(1,179)	—
Net cash (used in) provided by financing activities	(5,278)	(1,826)	1,090	5,869	(145)
Effect of exchange-rate changes on cash and cash equivalents	—	—	(1)	—	(1)
Net (decrease) increase in cash and cash equivalents	(644)	(37)	931	(205)	45
Cash and cash equivalents at beginning of year	2,930	37	2,974	(410)	5,531
Cash and cash equivalents at end of year	$2,286	$—	$3,905	$(615)	$5,576

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Year ended December 31, 2013 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Operating activities					
Net cash provided by operating activities	$3,015	$3,572	$5,305	$(9,391)	$2,501
Investing activities					
Purchases of available-for-sale securities	—	—	(12,304)	—	(12,304)
Proceeds from sales of available-for-sale securities	—	—	3,627	—	3,627
Proceeds from maturities and repayments of available-for-sale securities	—	—	5,509	—	5,509
Net decrease (increase) in finance receivables and loans	4,898	79	(7,456)	—	(2,479)
Net change in loans — intercompany	301	251	(1,503)	951	—
Purchases of operating lease assets	(1,450)	—	(7,746)	—	(9,196)
Disposals of operating lease assets	130	—	2,834	—	2,964
Capital contributions to subsidiaries	(477)	—	—	477	—
Returns of contributed capital	1,002	150	—	(1,152)	—
Sales of mortgage servicing rights	—	—	911	—	911
Proceeds from sale of business unit, net	1,799	554	5,091	—	7,444
Net change in restricted cash	—	(26)	(44)	—	(70)
Other, net	41	—	10	—	51
Net cash provided by (used in) investing activities	6,244	1,008	(11,071)	276	(3,543)
Financing activities					
Net change in short-term borrowings — third party	131	36	1,424	—	1,591
Net (decrease) increase in deposits	(543)	—	5,861	39	5,357
Proceeds from issuance of long-term debt — third party	3,236	—	24,094	—	27,330
Repayments of long-term debt — third party	(9,468)	(70)	(22,354)	—	(31,892)
Net change in debt — intercompany	1,803	(271)	(624)	(908)	—
Proceeds from issuance of common stock	1,270	—	—	—	1,270
Repurchase of mandatorily convertible preferred stock held by U.S. Department of Treasury and elimination of share adjustment right	(5,925)	—	—	—	(5,925)
Dividends paid — third party	(810)	—	—	—	(810)
Dividends paid and returns of contributed capital — intercompany	—	(4,267)	(6,275)	10,542	—
Capital contributions from parent	—	29	448	(477)	—
Net cash (used in) provided by financing activities	(10,306)	(4,543)	2,574	9,196	(3,079)
Effect of exchange-rate changes on cash and cash equivalents	—	—	45	—	45
Net (decrease) increase in cash and cash equivalents	(1,047)	37	(3,147)	81	(4,076)
Adjustment for change in cash and cash equivalents of operations held-for-sale	—	—	2,094	—	2,094

Cash and cash equivalents at beginning of year	3,977	—	4,027	(491)	7,513
Cash and cash equivalents at end of year	$2,930	$37	$2,974	$(410)	$5,531

29. Guarantees and Commitments

Guarantees

Guarantees are defined as contracts or indemnification agreements that contingently require us to make payments to third parties based on changes in the underlying agreements with the guaranteed parties. The following summarizes our outstanding guarantees, including those of our discontinued operations, made to third parties on our Consolidated Balance Sheet, for the periods shown.

December 31, ($ in millions)	2015 Maximum liability	2015 Carrying value of liability	2014 Maximum liability	2014 Carrying value of liability
Standby letters of credit and other guarantees	$208	$ 13	$268	$ 19

Standby Letters of Credit

Corporate Finance has exposure to standby letters of credit that represent irrevocable guarantees of payment of specified financial obligations. Third-party beneficiaries primarily utilize standby letters of credit as insurance in the event of nonperformance by our customers.

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Assets of the customers (e.g., trade receivables, inventory, and cash deposits) generally collateralize the letters of credit. Expiration dates on letters of credit range from certain ongoing commitments that will expire during the upcoming year to terms of several years for certain letters of credit.

If nonperformance by a customer occurs for letters of credit, we can be liable for payment of the letter of credit to the beneficiary with our likely recourse being a charge back to the customer or liquidation of the collateral.

Commitments

Financing Commitments

The contractual commitments were as follows.

December 31, ($ in millions)	2015	2014
Commitments to provide capital to investees (a)	$132	$66
Construction-lending commitments (b)	197	110
Home equity lines of credit (c)	358	371
Unused revolving credit line commitments and other (d)	1,445	1,284

(a) We are committed to contribute capital to certain investees. The fair value of these commitments is considered in the overall valuation of the underlying assets with which they are associated.

(b) The fair value of these commitments is considered in the overall valuation of the related assets.

(c) We are committed to fund the remaining unused balances on home equity lines of credit.

(d) The unused portion of revolving lines of credit reset at prevailing market rates and, as such, approximate market value.

Revolving credit line commitments contain an element of credit risk. Management reduces its credit risk for unused revolving credit line commitments by applying the same credit policies in making commitments as it does for extending loans. We typically require collateral as these commitments are drawn.

Lease Commitments

Future minimum rental payments required under operating leases, primarily for real property, with noncancelable lease terms expiring after December 31, 2015, are as follows.

Year ended December 31, ($ in millions)	
2016	$39
2017	34
2018	31
2019	31
2020	29
2021 and thereafter	99
Total minimum payment required	$263

Certain of the leases contain escalation clauses and renewal or purchase options. Rental expenses under operating leases were $51 million, $50 million, and $47 million in 2015, 2014, and 2013, respectively.

Contractual Commitments

We have entered into multiple agreements for information technology, voice and communication technology, and related maintenance. Many of the agreements are subject to variable price provisions, fixed or minimum price provisions, and termination or renewal provisions.

Year ended December 31, ($ in millions)	
2016	$47
2017 and 2018	51
2019 and thereafter	3
Total future payment obligations	$101

30. Contingencies and Other Risks

In the normal course of business, we enter into transactions that expose us to varying degrees of risk.

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Concentration with GM and Chrysler

While we are continuing to diversify our business, General Motors Company (GM) and Fiat Chrysler Automobiles US LLC (Chrysler) dealers and their retail customers continue to compose a significant portion of our customer base. It is possible that GM or Chrysler could take actions that negatively impact the amount of business we do with GM and Chrysler dealers and their customers. Further, a significant adverse change in GM's or Chrysler's business, including, for example, the production or sale of GM or Chrysler vehicles, the quality or resale value of GM or Chrysler vehicles, GM's or Chrysler's relationships with its key suppliers, or vehicle recalls, could negatively impact our GM and Chrysler dealer and retail customer bases. Any future reductions in GM and Chrysler business that we are not able to offset could adversely affect our profitability and financial condition. We were previously party to agreements with each of 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. During 2015, GM determined to provide subvention programs exclusively through a wholly-owned subsidiary.

Legal Proceedings

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

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

Regulatory Matters

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

Mortgage Matters

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

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

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

Automotive Subprime Matters

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

CFPB

In December 2013, Ally Financial Inc. and Ally Bank entered into Consent Orders issued by the CFPB and the DOJ pertaining to the allegation of disparate impact in the automotive finance business. The Consent Orders require Ally to create a compliance plan addressing, at a minimum, the communication of Ally’s expectations of Equal Credit Opportunity Act compliance to dealers, maintenance of Ally’s existing

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limits on dealer finance income for contracts acquired by Ally, and monitoring for potential discrimination both at the dealer level and within our portfolio of contracts acquired across all dealers. Ally formed a compliance committee consisting of certain Ally and Ally Bank directors to oversee Ally's execution of the Consent Orders' terms. Ally is required to meet certain stipulations under the Consent Orders, including a requirement to make monetary payments when ongoing remediation targets are not attained. These matters could result in material adverse consequences including, without limitation, adverse judgments, significant settlements, fines, penalties, injunctions, or other actions.

Other Contingencies

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

31. Quarterly Financial Statements (unaudited)

($ in millions)	First quarter	Second quarter	Third quarter	Fourth quarter
2015				
Net financing revenue	$850	$916	$970	$983
Other revenue	243	211	332	356
Total net revenue	1,093	1,127	1,302	1,339
Provision for loan losses	116	140	211	240
Total noninterest expense	695	724	674	668
Income from continuing operations before income tax expense	282	263	417	431
Income tax expense from continuing operations	103	94	144	155
Net income from continuing operations	179	169	273	276
Income (loss) from discontinued operations, net of tax	397	13	(5)	(13)
Net income	$576	$182	$268	$263
Basic earnings per common share				
Net income (loss) from continuing operations	$0.23	$(2.24)	$0.49	$(1.94)
Net income (loss)	1.06	(2.22)	0.48	(1.97)
Diluted earnings per common share				
Net income (loss) from continuing operations	$0.23	$(2.24)	$0.49	$(1.94)
Net income (loss)	1.06	(2.22)	0.47	(1.97)
2014				
Net financing revenue	$821	$866	$889	$799
Other revenue	321	365	375	215
Total net revenue	1,142	1,231	1,264	1,014
Provision for loan losses	137	63	102	155
Total noninterest expense	713	821	742	672
Income from continuing operations before income tax expense	292	347	420	187
Income tax expense from continuing operations	94	64	127	36
Net income from continuing operations	198	283	293	151
Income from discontinued operations, net of tax	29	40	130	26
Net income	$227	$323	$423	$177
Basic earnings per common share				
Net income from continuing operations	$0.27	$0.45	$0.47	$0.17

Net income	0.33	0.54	0.74	0.23
Diluted earnings per common share				
Net income from continuing operations	$0.27	$0.45	$0.47	$0.17
Net income	0.33	0.54	0.74	0.23

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32. Subsequent Events

Declaration of Quarterly Dividend Payments

On January 11, 2016, the Ally Board of Directors declared a quarterly dividend payment on certain outstanding preferred stock. This included a cash dividend of $0.53 per share, or a total of $15 million, on Fixed Rate/Floating Rate Perpetual Preferred Stock, Series A. The dividend was paid on February 16, 2016.

Realignment of Operating Segments

As a result of a change in how management views and operates our business, during the first quarter of 2016, we made changes in the composition of our operating segments. Financial information related to our Corporate Finance business will be presented as a separate reportable segment. Currently, all such activity is disclosed in Corporate and Other. Additionally, only the activity of our ongoing bulk acquisitions of mortgage loans and other originations and refinancing will be presented in Mortgage operations. The activity related to the management of our legacy mortgage portfolio will be disclosed in Corporate and Other. Our other operating segments, Automotive Finance operations and Insurance operations, remain unchanged.

Our segment results will be reported under this new structure beginning in the first quarter of 2016, and results from prior periods will be reported in a manner consistent with the new structure.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

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

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

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

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

Refer to Item 8 for Management's Report on Internal Control over Financial Reporting.

Item 9B. Other Information

None.

Item 10. Directors, Executive Officers, and Corporate Governance

Executive Officers and Other Significant Employees

Jeffrey J. Brown — Chief Executive Officer of Ally since February 2015 and a member of the Board since February 2015. Mr. Brown oversees all Ally strategy and operations to focus on strengthening the core businesses, while positioning the Company for long-term growth. Prior to being named Chief Executive Officer, Mr. Brown was president and chief executive officer of Ally's Dealer Financial Services business since March 2014. In this role, he oversaw the Company's automotive finance, insurance and auto servicing operations. From June 2011 to March 2014, Mr. Brown served as senior executive vice president of Finance and Corporate Planning. In that role, Mr. Brown oversaw the finance, treasury and corporate strategy activities of the Company. He joined Ally in March 2009 as corporate treasurer with responsibility for global treasury activities, including funding and balance sheet management. Prior to joining Ally, Mr. Brown was the corporate treasurer for Bank of America, where he had responsibility for the core treasury functions, including funding and managing interest rate risk. Mr. Brown spent 10 years at Bank of America, beginning his career in finance and later joining the Balance Sheet Management Division. During his tenure at Bank of America, he also served as the bank's deputy treasurer and oversaw balance sheet management and the company's corporate funding division. He was also a member of the company's Asset/Liability Management Committee. Mr. Brown received a bachelor's degree in economics from Clemson University and an executive master's degree in business from Queens University in Charlotte. He serves on the Trevillian Cabinet of the College of Business and Behavioral Sciences at Clemson University and is a Board of Trustees member of Queens University of Charlotte.

Christopher Halmy — Chief Financial Officer of Ally since November 2013. In this role, he is responsible for the oversight of the company's financial reporting, controls and analysis, accounting, and investor relations, as well as treasury activities, including capital, funding and balance sheet management. Prior to his current position, Halmy served as Ally's corporate treasurer since June 2011. He joined Ally in 2009 and previously served as structured funding executive with responsibility for the strategy, planning, and execution of securitizations and structured funding globally. In this role, he also was responsible for bank relationships and compliance related to existing transactions in the market. Prior to joining Ally, Halmy was the global funding executive at Bank of America where he was responsible for funding and liquidity activities. During his tenure at Bank of America, he also led the mortgage and automotive securitization group. Prior to joining Bank of America in 1997, Halmy held treasury, finance, and accounting positions at MBNA America, N.A., Merrill Lynch & Co., JP Morgan & Co., and Deloitte & Touche. Halmy holds a bachelor's degree in accounting and a master's degree in business administration from Villanova University. In addition, he was an adjunct professor at Wesley College from 1999 to 2006 and Queens University from 2011 to 2013. Halmy currently serves on the board of advisors for the McColl School of Business at Queens University. Halmy is also a certified public accountant.

Diane Morais — Chief Executive Officer and President of Ally Bank since March 2015. In this role, Morais is responsible for the deposits franchise, mortgage and corporate finance businesses, brand management, and digital strategy. She also serves as the chair of the Ally Bank board of directors. Prior to her current role, Morais was deposits and line of business integration executive for Ally Bank. In this position, she was responsible for oversight for the deposit business, ranging from marketing strategies, products and pricing, and the overall customer experience for the bank. Morais joined Ally in 2008 as Deposits and Product Innovation executive. Prior to joining Ally, Morais previously held a variety of senior leadership positions during her twelve years at Bank of America, serving as the deposit and debit products executive, national customer experience executive, card services marketing, and consumer mortgage vendor management executive. Morais also spent nine years at Citibank's credit card division in a variety of marketing, risk and finance roles. Morais holds a bachelor's degree from Pennsylvania State University.

William B. Solomon — Group Vice President and General Counsel of Ally since 2004. Solomon is responsible for providing all legal services to Ally through the oversight of outside counsel and a 63-member Legal Staff. He is also responsible for the secretary's office, the licensing department, and the organization's record and information management activity. Prior to joining Ally, Solomon was an attorney and practice area manager for GM from 1988 to 1999, where he was responsible for commercial lending activities. He also held the positions of general counsel for Vixen Motor Company from 1985 to 1988 and regional staff attorney at Ford Motor Credit Company from 1980 to 1985. Solomon received his bachelor’s degree in political science at the University of Detroit in 1973 with honors and a master’s degree in political science from McMaster University in Hamilton, Ontario in 1974 with honors. Solomon received his juris doctorate from the University of Notre Dame in 1978. He has also published three articles: Solomon and Mossburg: Co-Signer Requirements Under the FTC Fair Credit Practices Rule, Summer 1982, Consumer Fin. L.Q. Rep.; Solomon, Proposed Consumer Revision to Article 9 of the UCC, 1997 D.C.L. Law Rev., 1087; and Solomon and Nemeroff, Corporate Secretarial, Chapter 46A, Haig 3, Successful Partnering Between Inside and Outside Counsel (ACC 2014). Solomon is a member of the Michigan Bar and American Bar Associations.

David DeBrunner — Vice President, Chief Accounting Officer, and Controller of Ally since September 2007. In this role, DeBrunner is responsible for all accounting, tax, regulatory reporting, internal controls, finance shared services and strategic sourcing services for Ally. DeBrunner joined Ally from Fifth Third Bancorp (Fifth Third) where he was senior vice president, corporate controller, and chief accounting officer from January 2002 to August 2007. Prior to that position, he served as the chief financial officer for the commercial division of Fifth Third. DeBrunner joined Fifth Third in 1992 and held various financial leadership positions throughout the company. Prior to his time at Fifth Third, he held positions at Deloitte and Touche LLP in the Chicago and Cincinnati offices. DeBrunner earned a bachelor's of science in accounting from Indiana University and is a member of the American Institute of Certified Public Accountants and the Ohio Society of Certified Public Accountants.

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David Shevsky — Chief Risk Officer of Ally since December 2015. In this role, Shevsky has overall responsibility for the risk framework, processes and oversight for the company, including achieving an appropriate balance between risk and return, mitigating unnecessary risk and protecting the company’s financial returns. Prior to his current role, Shevsky served as the chief risk officer for Ally Bank beginning in November 2011. Shevsky joined Ally Financial in 1986 with a series of positions supporting the auto finance operation from a credit analysis and risk perspective. During his career, he supported both the domestic and international auto finance operations. He became a senior vice president of enterprise risk for the company in 2004. In this role, Shevsky began to take a company-wide view of commercial credit risk and capital management. In 2006, he played a key role in establishing a more robust risk management function, and in 2008, he was responsible for establishing a loan review function, which he did until becoming the chief risk officer for Ally Bank in 2011. Prior to joining Ally, Shevsky served in the United States Air Force from 1979 until 1984.

Additional Information

Additional information in response to this Item 10 can be found in the Company's 2016 Proxy Statement under "Proposal 1 — Election of Directors," "Board Leadership Structure," and "Review, Approval or Ratification of Transactions with Related Persons and Code of Conduct and Ethics." That information is incorporated into this item by reference.

Item 11. Executive Compensation

Items in response to this Item 11 can be found in the Company's 2016 Proxy Statement under "Executive Compensation." That information is incorporated into this item by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Items in response to this Item 12 can be found in the Company's 2016 Proxy Statement under "Security Ownership of Certain Beneficial Owners," and "Executive Compensation." That information is incorporated into this item by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Items in response to this Item 13 can be found in the Company's 2016 Proxy Statement under "Review, Approval or Ratification of Transactions with Related Persons and Code of Conduct and Ethics." That information is incorporated into this item by reference.

Item 14. Principal Accountant Fees and Services

Items in response to this Item 14 can be found in the Company's 2016 Proxy Statement under "Audit Committee Report." That information is incorporated into this item by reference.

Item 15. Exhibits, Financial Statement Schedules

The exhibits listed on the accompanying Index of Exhibits are filed or incorporated by reference as a part of this report. This Index is incorporated herein by reference. Certain financial statements schedules have been omitted because prescribed information has been incorporated into our Consolidated Financial Statements or notes thereto.

Exhibit	Description	Method of Filing
3.1	Form of Amended and Restated Certificate of Incorporation	Filed as Exhibit 3.1 to the Company's Current Report on Form 8-K dated as of March 14, 2014, (File No. 1-3754), incorporated herein by reference.
3.2	Ally Financial Inc. Bylaws, dated October 27, 2015	Filed as Exhibit 3.1 to the Company's Quarterly Report for the period ended September 30, 2015, on Form 10-Q (File No. 1-3754), incorporated herein by reference.
4.1	Form of Indenture dated as of July 1, 1982, between the Company and Bank of New York (Successor Trustee to Morgan Guaranty Trust Company of New York), relating to Debt Securities	Filed as Exhibit 4(a) to the Company's Registration Statement No. 2-75115, incorporated herein by reference.
4.1.1	Form of First Supplemental Indenture dated as of April 1, 1986, supplementing the Indenture designated as Exhibit 4.1	Filed as Exhibit 4(g) to the Company's Registration Statement No. 33-4653, incorporated herein by reference.
4.1.2	Form of Second Supplemental Indenture dated as of June 15, 1987, supplementing the Indenture designated as Exhibit 4.1	Filed as Exhibit 4(h) to the Company's Registration Statement No. 33-15236, incorporated herein by reference.
4.1.3	Form of Third Supplemental Indenture dated as of September 30, 1996, supplementing the Indenture designated as Exhibit 4.1	Filed as Exhibit 4(i) to the Company's Registration Statement No. 333-33183, incorporated herein by reference.
4.1.4	Form of Fourth Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit 4.1	Filed as Exhibit 4(j) to the Company's Registration Statement No. 333-48705, incorporated herein by reference.
4.1.5	Form of Fifth Supplemental Indenture dated as of September 30, 1998, supplementing the Indenture designated as Exhibit 4.1	Filed as Exhibit 4(k) to the Company's Registration Statement No. 333-75463, incorporated herein by reference.
4.2	Form of Indenture dated as of September 24, 1996, between the Company and The Chase Manhattan Bank, Trustee, relating to Term Notes	Filed as Exhibit 4 to the Company's Registration Statement No. 333-12023, incorporated herein by reference.
4.2.1	Form of First Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit 4.2	Filed as Exhibit 4(a)(1) to the Company's Registration Statement No. 333-48207, incorporated herein by reference.
4.2.2	Form of Second Supplemental Indenture dated as of June 20, 2006, supplementing the Indenture designated as Exhibit 4.2	Filed as Exhibit 4(a)(2) to the Company's Registration Statement No. 33-136021, incorporated herein by reference.
4.2.3	Form of Third Supplemental Indenture dated as of August 24, 2012, supplementing the Indenture designated as Exhibit 4.2	Filed as Exhibit 4.1.3 to the Company's Registration Statement No. 333-183535, incorporated herein by reference.
4.2.4	Form of Fourth Supplemental Indenture dated as of August 24, 2012, supplementing the Indenture designated as Exhibit 4.2	Filed as Exhibit 4.1.4 to the Company's Registration Statement No. 333-183535, incorporated herein by reference.

4.3	Form of Indenture dated as of October 15, 1985, between the Company and U.S. Bank Trust (Successor Trustee to Comerica Bank), relating to Demand Notes	Filed as Exhibit 4 to the Company's Registration Statement No. 2-99057, incorporated herein by reference.
4.3.1	Form of First Supplemental Indenture dated as of April 1, 1986, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(a) to the Company's Registration Statement No. 33-4661, incorporated herein by reference.
4.3.2	Form of Second Supplemental Indenture dated as of June 24, 1986, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(b) to the Company's Registration Statement No. 33-6717, incorporated herein by reference.
4.3.3	Form of Third Supplemental Indenture dated as of February 15, 1987, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(c) to the Company's Registration Statement No. 33-12059, incorporated herein by reference.

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Exhibit	Description	Method of Filing
4.3.4	Form of Fourth Supplemental Indenture dated as of December 1, 1988, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(d) to the Company's Registration Statement No. 33-26057, incorporated herein by reference.
4.3.5	Form of Fifth Supplemental Indenture dated as of October 2, 1989, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(e) to the Company's Registration Statement No. 33-31596, incorporated herein by reference.
4.3.6	Form of Sixth Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(f) to the Company's Registration Statement No. 333-56431, incorporated herein by reference.
4.3.7	Form of Seventh Supplemental Indenture dated as of June 15, 1998, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4(g) to the Company's Registration Statement No. 333-56431, incorporated herein by reference.
4.3.8	Form of Eighth Supplemental Indenture dated as of January 4, 2012, supplementing the Indenture designated as Exhibit 4.3	Filed as Exhibit 4.1.8 to the Company's Registration Statement No. 333-178919, incorporated herein by reference.
4.4	Form of Indenture dated as of December 1, 1993, between the Company and Citibank, N.A., Trustee, relating to Medium Term Notes	Filed as Exhibit 4 to the Company's Registration Statement No. 33-51381, incorporated herein by reference.
4.4.1	Form of First Supplemental Indenture dated as of January 1, 1998, supplementing the Indenture designated as Exhibit 4.4	Filed as Exhibit 4(a)(1) to the Company's Registration Statement No. 333-59551, incorporated herein by reference.
4.5	Indenture, dated as of December 31, 2008, between the Company and The Bank of New York Mellon, Trustee	Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated as of January 2, 2009, (File No. 1-3754), incorporated herein by reference.
4.6	Amended and Restated Indenture, dated March 1, 2011, between the Company and The Bank of New York Mellon, Trustee	Filed as Exhibit 4.2 to the Company's Current Report on Form 8-K dated as of March 4, 2011 (File No. 1-3754), incorporated herein by reference.
4.7	Form of Guarantee Agreement related to Ally Financial Inc. Senior Unsecured Guaranteed Notes	Filed as Exhibit 4.10 to the Company's Registration Statement No. 333-193070, incorporated herein by reference.
4.8	Form of Fixed Rate Senior Unsecured Note	Filed as Exhibit 4.8 to the Company's Registration Statement No. 333-193070, incorporated herein by reference.
4.9	Form of Floating Rate Senior Unsecured Note	Filed as Exhibit 4.9 to the Company's Registration Statement No. 333-193070, incorporated herein by reference.
4.10	Form of Subordinated Indenture to be entered into between the Company and The Bank of New York Mellon, as Trustee	Filed as Exhibit 4.11 to the Company's Registration Statement No. 333-193070, incorporated herein by reference.
4.11	Form of Subordinated Note	Included in Exhibit 4.10.
4.12	Second Amended and Restated Declaration of Trust by and between the trustees of each series of GMAC Capital Trust I, Ally Financial Inc., as Sponsor, and by the holders, from time to time, of undivided beneficial interests in the relevant series of GMAC Capital Trust I, dated as of March 1, 2011	Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated as of March 4, 2011 (File No. 1-3754), incorporated herein by reference.

4.13	Series 2 Trust Preferred Securities Guarantee Agreement between Ally Financial Inc. and The Bank of New York Mellon, dated as of March 1, 2011	Filed as Exhibit 4.3 to the Company's Current Report on Form 8-K dated as of March 4, 2011 (File No. 1-3754), incorporated herein by reference.
4.14	Indenture, dated as of November 20, 2015, between the Company and The Bank of New York Mellon, Trustee	Filed as Exhibit 4.1 to the Company's Current Report on Form 8-K dated as of November 20, 2015, (File No. 1-3754), incorporated herein by reference
4.15	Form of Subordinated Note	Included in Exhibit 4.14
10.1	Capital and Liquidity Maintenance Agreement, entered into on October 29, 2010, between Ally Financial Inc., IB Finance Holding Company, LLC, Ally Bank and the Federal Deposit Insurance Corporation	Filed as Exhibit 10.2 to the Company's Quarterly Report for the period ended September 30, 2010, on Form 10-Q (File No. 1-3754), incorporated herein by reference.

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Exhibit	Description	Method of Filing
10.2	Form of Ally Financial Inc. 2014 Executive Performance Plan	Filed as Exhibit 3.5 to the Company's Current Report on Form 8-K dated as of March 14, 2014 (File No. 1-3754), incorporated herein by reference.
10.3	Form of Ally Financial Inc. 2014 Incentive Compensation Plan	Filed as Exhibit 3.6 to the Company's Current Report on Form 8-K dated as of March 14, 2014 (File No. 1-3754), incorporated herein by reference.
10.4	Form of Ally Financial Inc. Employee Stock Purchase Plan	Filed as Exhibit 3.7 to the Company's Current Report on Form 8-K dated as of March 14, 2014 (File No. 1-3754), incorporated herein by reference.
10.5	Form of Ally Financial Inc. 2014 Non-Employee Directors Equity Compensation Plan	Filed as Exhibit 3.8 to the Company's Current Report on Form 8-K dated as of March 14, 2014 (File No. 1-3754), incorporated herein by reference.
10.6	Ally Financial Inc. Severance Plan, Plan Document and Summary Plan Description, as amended	Filed herewith.
10.7	Ally Financial Inc. Non-Employee Directors Deferred Compensation Plan	Filed herewith.
10.8	Form of Award Agreement related to the issuance of Performance Stock Units	Filed herewith.
10.9	Form of Award Agreement related to the issuance of Restricted Stock Units	Filed herewith.
10.10	Form of Award Agreement related to the issuance of Key Contributor Stock Units	Filed herewith.
10.11	Form of Award Agreement related to the issuance of an Ally Leader Equity Participation Award	Filed herewith.
10.12	Tax Asset Protection Plan dated as of January 10, 2014 between Ally Financial Inc. and Computershare Trust Company, N.A., as Rights Agent	Filed as Exhibit 10.1 to the Company's Current Report on Form 8-K dated as of January 13, 2014 (File No. 1-3754) incorporated herein by reference
10.13	Amendment No. 1 to the Tax Asset Protection Plan, dated February 3, 2015	Filed as Exhibit 10.18 to the Company's Annual Report for the period ended December 31, 2014, on Form 10-K (File No. 1-3754), incorporated herein by reference.
10.14	Consent Order, dated December 23, 2013 (Department of Justice)	Filed as Exhibit 10.34 to the Company's Annual Report for the period ended December 31, 2013, on Form 10-K (File No. 1-3754), incorporated herein by reference.
10.15	Consent Order, dated December 19, 2013 (Consumer Financial Protection Bureau)	Filed as Exhibit 10.35 to the Company's Annual Report for the period ended December 31, 2013, on Form 10-K (File No. 1-3754), incorporated herein by reference.
10.16	Stipulation and Consent to the Issuance of a Consent Order, dated December 19, 2013 (Consumer Financial Protection Bureau)	Filed as Exhibit 10.36 to the Company's Annual Report for the period ended December 31, 2013, on Form 10-K (File No. 1-3754), incorporated herein by reference.
12	Computation of Ratio of Earnings to Fixed Charges	Filed herewith.
21	Ally Financial Inc. Subsidiaries as of December 31, 2015	Filed herewith.

23.1	Consent of Independent Registered Public Accounting Firm	Filed herewith.
31.1	Certification of Principal Executive Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
31.2	Certification of Principal Financial Officer pursuant to Rule 13a-14(a)/15d-14(a)	Filed herewith.
32	Certification of Principal Executive Officer and Principal Financial Officer pursuant to 18 U.S.C. Section 1350	Filed herewith.
101	Interactive Data File	Filed herewith.

* Certain confidential portions have been omitted pursuant to a confidential treatment request which has been separately filed with the Securities and Exchange Commission.

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, this 24th day of February, 2016.

Ally Financial Inc.
(Registrant)

/S/ JEFFREY J. BROWN
Jeffrey J. Brown
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities indicated, this 24th day of February, 2016.

/S/ JEFFREY J. BROWN Jeffrey J. Brown Chief Executive Officer	/S/ CHRISTOPHER A. HALMY Christopher A. Halmy Chief Financial Officer
/S/ DAVID J. DEBRUNNER David J. DeBrunner Vice President, Chief Accounting Officer, and Corporate Controller	

/S/ FRANKLIN W. HOBBS
Franklin W. Hobbs
Ally Chairman

/S/ KENNETH J. BACON
Kenneth J. Bacon
Director

/S/ ROBERT T. BLAKELY
Robert T. Blakely
Director

/S/ MAUREEN A. BREAKIRON-EVANS
Maureen A. Breakiron-Evans
Director

/S/ JEFFREY J. BROWN
Jeffrey J. Brown
Chief Executive Officer and Director

/S/ MAYREE C. CLARK
Mayree C. Clark
Director

/S/ STEPHEN A. FEINBERG
Stephen A. Feinberg
Director

/S/ KIM S. FENNEBRESQUE
Kim S. Fennebresque
Director

/S/ MARJORIE MAGNER
Marjorie Magner
Director

/S/ JACK J. STACK
John J. Stack
Director

/S/ MICHAEL F. STEIB
Michael F. Steib
Director