Ally Financial Inc.
Form 10-Q
November 02, 2012
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

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

For the quarterly period ended September 30, 2012, or

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

For the transition period from to

Commission file number: 1-3754

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

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

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

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

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

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

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

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

At November 2, 2012, the number of shares outstanding of the Registrant’s common stock was 1,330,970 shares.

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Item 1. Financial Statements
Condensed Consolidated Statement of Comprehensive Income (unaudited)
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	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	$1,651	$1,680	$5,020	$4,976
Interest on loans held-for-sale	22	86	131	256
Interest on trading assets	—	4	13	10
Interest and dividends on available-for-sale investment securities	73	102	243	311
Interest-bearing cash	22	14	54	41
Operating leases	639	530	1,758	1,783
Total financing revenue and other interest income	2,407	2,416	7,219	7,377
Interest expense				
Interest on deposits	185	179	555	516
Interest on short-term borrowings	46	61	181	240
Interest on long-term debt	1,041	1,293	3,286	4,030
Total interest expense	1,272	1,533	4,022	4,786
Depreciation expense on operating lease assets	358	276	969	722
Net financing revenue	777	607	2,228	1,869
Other revenue				
Servicing fees	91	335	617	1,033
Servicing asset valuation and hedge activities, net	134	(471)	70	(663)
Total servicing income, net	225	(136)	687	370
Insurance premiums and service revenue earned	364	390	1,098	1,188
Gain on mortgage and automotive loans, net	141	95	401	301
Loss on extinguishment of debt	—	—	—	(64)
Other (loss) gain on investments, net	(19)	75	137	251
Other income, net of losses	225	130	728	573
Total other revenue	936	554	3,051	2,619
Total net revenue	1,713	1,161	5,279	4,488
Provision for loan losses	116	50	285	213
Noninterest expense				
Compensation and benefits expense	344	293	1,208	1,132
Insurance losses and loss adjustment expenses	151	170	518	567
Other operating expenses	619	754	3,268	2,392
Total noninterest expense	1,114	1,217	4,994	4,091
Income (loss) from continuing operations before income tax expense	483	(106)	—	184
Income tax expense from continuing operations	93	93	172	106
Net income (loss) from continuing operations	390	(199)	(172)	78
Loss from discontinued operations, net of tax	(6)	(11)	(32)	(29)
Net income (loss)	384	(210)	(204)	49
Other comprehensive income (loss), net of tax	218	(281)	199	(217)
Comprehensive income (loss)	$602	$(491)	$(5)	$(168)

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

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Condensed Consolidated Statement of Comprehensive Income (unaudited)
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($ in millions except per share data)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net income (loss) attributable to common shareholders				
Net income (loss) from continuing operations	$390	$(199)	$(172)	$78
Preferred stock dividends — U.S. Department of Treasury	(134)	(133)	(401)	(400)
Preferred stock dividends	(67)	(66)	(200)	(194)
Impact of preferred stock amendment (a)	—	—	—	32
Net income (loss) from continuing operations attributable to common shareholders (b)	189	(398)	(773)	(484)
Loss from discontinued operations, net of tax	(6)	(11)	(32)	(29)
Net income (loss) attributable to common shareholders	$183	$(409)	$(805)	$(513)
Basic weighted-average common shares outstanding	1,330,970	1,330,970	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (b)	1,330,970	1,330,970	1,330,970	1,330,970
Basic earnings per common share				
Net income (loss) from continuing operations	$142	$(299)	$(581)	$(364)
Loss from discontinued operations, net of tax	(5)	(8)	(24)	(22)
Net income (loss)	$137	$(307)	$(605)	$(386)
Diluted earnings per common share (b)				
Net income (loss) from continuing operations	$142	$(299)	$(581)	$(364)
Loss from discontinued operations, net of tax	(5)	(8)	(24)	(22)
Net income (loss)	$137	$(307)	$(605)	$(386)

(a) Refer to Note 20 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for further detail.

(b) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net loss attributable to common shareholders for the nine months ended September 30, 2012, and the three months and nine months ended September 30, 2011, respectively, income (loss) attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

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

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Condensed Consolidated Balance Sheet (unaudited)
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($ in millions)	September 30, 2012	December 31, 2011
Assets		
Cash and cash equivalents		
Noninterest-bearing	$1,305	$2,475
Interest-bearing	15,852	10,560
Total cash and cash equivalents	17,157	13,035
Trading assets	—	622
Investment securities	13,770	15,135
Loans held-for-sale, net ($1,927 and $3,919 fair value-elected)	1,937	8,557
Finance receivables and loans, net		
Finance receivables and loans, net ($— and $835 fair value-elected)	121,259	114,755
Allowance for loan losses	(1,423)	(1,503)
Total finance receivables and loans, net	119,836	113,252
Investment in operating leases, net	12,708	9,275
Mortgage servicing rights	902	2,519
Premiums receivable and other insurance assets	1,861	1,853
Other assets	13,936	18,741
Assets of operations held-for-sale	375	1,070
Total assets	$182,482	$184,059
Liabilities		
Deposit liabilities		
Noninterest-bearing	$2,487	$2,029
Interest-bearing	47,385	43,021
Total deposit liabilities	49,872	45,050
Short-term borrowings	5,877	7,680
Long-term debt ($— and $830 fair value-elected)	93,028	92,794
Interest payable	1,590	1,587
Unearned insurance premiums and service revenue	2,693	2,576
Reserves for insurance losses and loss adjustment expenses	441	580
Accrued expenses and other liabilities ($— and $29 fair value-elected)	9,962	14,084
Liabilities of operations held-for-sale	254	337
Total liabilities	163,717	164,688
Equity		
Common stock and paid-in capital	19,668	19,668
Mandatorily convertible preferred stock held by U.S. Department of Treasury	5,685	5,685
Preferred stock	1,255	1,255
Accumulated deficit	(8,129)	(7,324)
Accumulated other comprehensive income	286	87
Total equity	18,765	19,371
Total liabilities and equity	$182,482	$184,059

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

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

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

($ in millions)	September 30, 2012	December 31, 2011
Assets		
Loans held-for-sale, net	$—	$9
Finance receivables and loans, net		
Finance receivables and loans, net ($— and $835 fair value-elected)	40,822	40,935
Allowance for loan losses	(192)	(210)
Total finance receivables and loans, net	40,630	40,725
Investment in operating leases, net	5,835	4,389
Other assets	2,063	3,029
Total assets	$48,528	$48,152
Liabilities		
Short-term borrowings	$1,483	$795
Long-term debt ($— and $830 fair value-elected)	34,665	33,143
Interest payable	7	14
Accrued expenses and other liabilities	119	405
Total liabilities	$36,274	$34,357

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

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Condensed Consolidated Statement of Changes in Equity (unaudited)
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($ in millions)	Common stock and paid-in capital	Mandatorily convertible preferred stock held by U.S. Department of Treasury	Preferred stock	Accumulated deficit	Accumulated other comprehensive income	Total equity
Balance at January 1, 2011	$19,668	$5,685	$1,287	$ (6,410)	$ 259	$20,489
Net income				49		49
Preferred stock dividends — U.S. Department of Treasury				(400)		(400)
Preferred stock dividends				(194)		(194)
Series A preferred stock amendment (a)			(32)	32		—
Other comprehensive loss, net of tax					(217)	(217)
Other (b)				5		5
Balance at September 30, 2011	$19,668	$5,685	$1,255	$ (6,918)	$ 42	$19,732
Balance at January 1, 2012	$19,668	$5,685	$1,255	$ (7,324)	$ 87	$19,371
Net loss				(204)		(204)
Preferred stock dividends — U.S. Department of Treasury				(401)		(401)
Preferred stock dividends				(200)		(200)
Other comprehensive income, net of tax					199	199
Balance at September 30, 2012	$19,668	$5,685	$1,255	$ (8,129)	$ 286	$18,765

(a) Refer to Note 20 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for further detail.

(b) Represents a reduction of the estimated payment accrued for tax distributions as a result of the completion of the GMAC LLC U.S. Return of Partnership Income for the tax period January 1, 2009 through June 30, 2009.

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

Nine months ended September 30, ($ in millions)	2012	2011
Operating activities		
Net (loss) income	$(204)	$49
Reconciliation of net (loss) income to net cash provided by operating activities		
Depreciation and amortization	1,758	2,100
Other impairment	31	8
Changes in fair value of mortgage servicing rights	654	1,327
Provision for loan losses	285	211
Gain on sale of loans, net	(396)	(299)
Net gain on investment securities	(144)	(275)
Loss on extinguishment of debt	—	64
Originations and purchases of loans held-for-sale	(23,670)	(42,467)
Proceeds from sales and repayments of loans held-for-sale	25,295	44,417
Impairment and accruals related to Residential Capital, LLC deconsolidation	1,192	—
Net change in		
Trading securities	595	(339)
Deferred income taxes	(199)	(99)
Interest payable	168	(99)
Other assets	475	(324)
Other liabilities	(761)	1,374
Other, net	(234)	133
Net cash provided by operating activities	4,845	5,781
Investing activities		
Purchases of available-for-sale securities	(9,592)	(15,020)
Proceeds from sales of available-for-sale securities	6,774	12,093
Proceeds from maturities of available-for-sale securities	4,940	3,725
Net increase in finance receivables and loans	(7,925)	(10,705)
Proceeds from sales of finance receivables and loans	2,329	2,868
Purchases of operating lease assets	(5,612)	(5,332)
Disposals of operating lease assets	1,303	4,862
Proceeds from sale of business units, net (a)	516	50
Net cash effect from deconsolidation of Residential Capital, LLC	(539)	—
Other, net	75	633
Net cash used in investing activities	(7,731)	(6,826)

Statement continues on the next page.

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

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Condensed Consolidated Statement of Cash Flows (unaudited)
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Nine months ended September 30, ($ in millions)	2012	2011
Financing activities		
Net change in short-term borrowings	(1,673)	(1,263)
Net increase in bank deposits	4,673	4,454
Proceeds from issuance of long-term debt	27,520	36,900
Repayments of long-term debt	(22,908)	(34,576)
Dividends paid	(601)	(619)
Other, net	(26)	962
Net cash provided by financing activities	6,985	5,858
Effect of exchange-rate changes on cash and cash equivalents	(1)	(45)
Net increase in cash and cash equivalents	4,098	4,768
Adjustment for change in cash and cash equivalents of operations held-for-sale (a) (b)	24	(36)
Cash and cash equivalents at beginning of year	13,035	11,670
Cash and cash equivalents at September 30,	$17,157	$16,402
Supplemental disclosures		
Cash paid for		
Interest	$3,705	$4,303
Income taxes	291	454
Noncash items		
Transfer of mortgage servicing rights into trading securities through certification	—	266
Other disclosures		
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	116	179

(a) The amounts are net of cash and cash equivalents of $147 million at September 30, 2012, and $88 million at September 30, 2011, of business units at the time of disposition.

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

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

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

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

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

The Condensed Consolidated Financial Statements at September 30, 2012, and for the three months and nine months ended September 30, 2012, and 2011, are unaudited but reflect all adjustments that are, in management's opinion, necessary for the fair presentation of the results for the interim periods presented. All such adjustments are of a normal recurring nature. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the audited Consolidated Financial Statements (and the related notes) included in our Annual Report on Form 10-K for the year ended December 31, 2011, as filed on February 28, 2012, with the U.S. Securities and Exchange Commission (SEC), as amended by the Current Report on Form 8-K filed with the SEC on August 3, 2012.

Residential Capital, LLC

On May 14, 2012 (the Petition Date), Residential Capital, LLC (ResCap) and certain of its wholly owned direct and indirect subsidiaries (collectively, the Debtors) filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (Bankruptcy Court). In connection with the filings, Ally Financial Inc. and its direct and indirect subsidiaries and affiliates (excluding the Debtors and their direct and indirect subsidiaries) (collectively, AFI) reached an agreement with the Debtors and certain creditor constituencies on a prearranged Chapter 11 plan (the Plan).

In connection with the Plan, the Debtors expect to sell certain of their assets, consisting of the Debtors' mortgage origination and servicing business and certain other mortgage-related assets, under section 363 of the Bankruptcy Code. The Bankruptcy Court entered an order on June 28, 2012, approving Nationstar Mortgage LLC as stalking horse bidder for the Debtors' mortgage origination and servicing platform (the Platform), and Berkshire Hathaway Inc. as stalking horse bidder for the Debtors' held-for-sale loan portfolio (the Loan Portfolio). The bid provided by Berkshire Hathaway Inc. supplanted the stalking horse bid provided by AFI that is described below. On October 19, 2012, the Debtors collected bids from qualified bidders for the Platform and the Loan Portfolio. On October 24, 2012, following a competitive auction for the Platform, the Debtors determined that the bid submitted by Ocwen Loan Servicing LLC was the highest and best bid for the Platform. On October 25, 2012, following a competitive auction for the Loan Portfolio, the Debtors determined that the bid submitted by Berkshire Hathaway Inc. was the highest and best bid for the Loan Portfolio. The hearing for the Bankruptcy Court to approve the sales of the Platform and the Loan Portfolio is currently set for November 19, 2012. The Debtors' remaining assets are expected to be sold, wound down, or otherwise liquidated over time.

The Plan, a draft of which has been submitted to the Bankruptcy Court, is subject to negotiation with certain of the Debtors' creditors (as directed by the Bankruptcy Court) and Bankruptcy Court approval. The Debtors' exclusive period under the Bankruptcy Code to file the Plan, which may be extended by the Bankruptcy Court, ends on December 20, 2012. The Plan is based on a settlement (the Settlement) between AFI and the Debtors under which, in

exchange for the releases described below, AFI, among other things: (a) agreed to serve as the stalking horse bidder for the Debtors' held-for-sale loan portfolio, with a purchase price of approximately $1.6 billion (which, as noted above, was supplanted by Berkshire Hathaway Inc. pursuant to an order entered by the Bankruptcy Court on June 28, 2012); (b) will make a cash contribution to the Debtors' estates of $750 million that will enable certain recoveries to creditors of the Debtors' estates under the Plan; (c) provided the Debtors with a $220 million post-petition debtor-in-possession financing facility; (d) consented to the Debtors' use of cash collateral pledged to Ally-funded, pre-petition senior secured credit facilities; (e) agreed to enter into and perform a shared services agreement with the Debtors to enable the Debtors to continue to operate their businesses during their bankruptcy cases; (f) agreed to enter into and perform a transition services agreement with the purchaser of the Debtors' mortgage origination and servicing business to facilitate the sale of such assets; (g) continues to provide the Debtors with consumer lending origination support during their bankruptcy cases, including to allow implementation of the aforementioned asset sales; (h) provides the support necessary for the Debtors to satisfy certain regulatory obligations; and (i) agreed to provide indemnification of ResCap's current directors and officers.

The Settlement, which is subject to Bankruptcy Court approval, provides for the release of all existing or potential causes of action between AFI and the Debtors, as well as a release of all existing or potential ResCap-related causes of action against AFI held by third parties. The Debtors have failed to satisfy certain milestone requirements in the Plan support agreement with AFI (the Plan Support Agreement), including the Bankruptcy Court's entry of the Confirmation Order on or before October 31, 2012, which relieves AFI of its obligations to perform under the Plan Support Agreement. Notwithstanding this, to date, AFI has continued to comply with the Plan Support Agreement. Pursuant to the terms of the Settlement, the failure to meet the October 31 milestone results in the Settlement's automatic termination. However, AFI and the Debtors have agreed to temporarily waive the automatic termination, but, each of AFI and the Debtors have preserved

the right to rescind such waiver at any point in the future. The waiver will terminate on December 31, 2012 unless AFI and the Debtors otherwise agree in writing.

As of the Petition Date, ResCap had support for the Plan from the ad hoc steering committee representing ResCap's junior secured notes (Ad Hoc Committee) and, certain other noteholders together holding $791 million out of a total of approximately $2.1 billion of these notes. The Debtors have failed to satisfy certain milestone requirements in the Plan support agreement with the Ad Hoc Committee (Ad Hoc Committee PSA); and, on September 24, 2012, the official committee of unsecured creditors (the Committee) appointed in the Debtors' bankruptcy cases filed a motion seeking standing to challenge the validity of the liens on certain assets securing the junior secured notes, which are the liens that secure certain of AFI's loans to ResCap. On or about September 25, 2012, the junior secured noteholders terminated the Ad Hoc Committee PSA.

Additionally, institutional investors in residential mortgage-backed securities issued by ResCap's affiliates and holding more than 25 percent of at least one class in each of 290 securitizations agreed to support the Plan as of the Petition Date. To date, institutional investors holding more than 25 percent of at least one class in each of 336 securitizations have agreed to support the Plan. These 336 securitizations have an aggregate original principal balance of approximately $189 billion (out of a total of 392 outstanding securitizations with an original principal balance of $221 billion). The settlements reached are subject to Bankruptcy Court approval. AFI anticipates the hearing for approval of the settlements to occur in early 2013. The Committee and certain other parties are presently engaged in discovery with respect to the settlements, including AFI's role, and are expected to contest the settlements at the hearing for the settlements' approval.

On June 4, 2012, Berkshire Hathaway Inc. filed a motion in the Bankruptcy Court for the appointment of an independent examiner to investigate, among other things, certain of the Debtors' transactions with AFI occurring prior to the Petition Date, any claims the Debtors may hold against AFI's officers and directors, and any claims the Debtors propose to release under the Plan, including under the Settlement. On June 18, 2012, the Bankruptcy Court approved the appointment of an examiner and, subsequently, the United States Trustee for the Southern District of New York appointed former bankruptcy judge Arthur J. Gonzalez, Esq. as the examiner. On July 27, 2012, the Bankruptcy Court entered an order approving the scope of the examiner's investigation. The investigation will include, among other things: (a) all material pre-petition transactions between or among the Debtors and AFI, Cerberus Capital Management, L.P. and its subsidiaries and affiliates, and/or Ally Bank; (b) certain post-petition negotiations and transactions with the Debtors, including with respect to plan sponsor, plan support, and settlement agreements, the debtor-in-possession financing with AFI, the stalking horse asset purchase agreement with AFI, and the servicing agreement with Ally Bank; (c) all state and federal law claims or causes of action the Debtors propose to release as part of the Plan; and (d) the release of all existing or potential ResCap-related causes of action against AFI held by third parties. As of September 30, 2012, the examiner's preliminary estimate regarding the time necessary for the examiner to complete his investigation and related report was at least six months from approximately August 6, 2012. Counsel to the examiner recently informed parties in interest that it would be requesting from the Bankruptcy Court an extended target date for issuance of the examiner’s report based upon completion of document production and witness interviews, rather than an approximation date. The examiner’s request may result in a delay for issuing the examiner’s report. The Bankruptcy Court is scheduled to hold a conference on November 5, 2012 to address the examiner’s request.

As a result of the bankruptcy filing, effective May 14, 2012, we have deconsolidated ResCap from our financial statements and ResCap is prospectively accounted for using the cost method. Furthermore, circumstances indicated to us that as of May 14, 2012, our investment in ResCap would not be recoverable, and accordingly we recorded a full impairment of such investment. ResCap's results of operations have been removed from our Condensed Consolidated Financial Statements since May 14, 2012. As of September 30, 2012, ResCap does not meet the requirements of a discontinued operation; and as such, ResCap's results of operations continue to be included in our Condensed Consolidated Statement of Comprehensive Income for periods prior to May 14, 2012. Our Condensed Consolidated

Statements of Comprehensive Income include the following for ResCap's results of operations (amounts presented are before the elimination of balances and transactions with Ally).

($ in millions)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Total net (loss) revenue	$—	$(164)	$476	$412
Provision for loan losses	—	1	—	8
Total noninterest expense	—	273	437	905
(Loss) income from continuing operations before income tax expense	—	(438)	39	(501)
Income tax expense from continuing operations	—	4	7	13
Net (loss) income from continuing operations	$—	$(442)	$32	$(514)

Based on our assessment of the effect of the deconsolidation of ResCap, obligations under the Plan, and other impacts related to the Chapter 11 filing, we recorded a charge of $1.2 billion during the nine months ended September 30, 2012, within our other operating expenses. This charge primarily consists of the impairment of Ally's $442 million equity investment in ResCap and the $750 million cash contribution to be made by us to the Debtors' estate described above. As of September 30, 2012, we have $1.2 billion of financing due from

ResCap, which is classified as Finance Receivables and Loans, net on our Condensed Consolidated Balance Sheet. We maintain no allowance or impairment against these receivables because management considers them to be fully collectible. At September 30, 2012, our hedging arrangements with ResCap were fully collateralized. Additionally, under a shared services agreement (SSA), each entity agreed to provide services to the other for a period of one year. The SSA will automatically renew each year unless either entity provides written notice of nonrenewal to the other party at least three months prior to the expiration. The SSA fees received by Ally and the expenses paid to the ResCap will be reflected within the Condensed Consolidated Statement of Comprehensive Income as a reduction or increase of noninterest expense. Because of the uncertain nature of the bankruptcy proceedings, we cannot predict the ultimate financial impact to Ally. Refer to Note 25 to the Condensed Consolidated Financial Statements for additional information regarding these bankruptcy proceedings.

International Businesses

In the second quarter of 2012, we began exploring strategic alternatives for our international operations. These international operations include automotive finance, insurance, and banking and deposit operations outside of the United States. Since then, we have conducted multiple processes for various parts of our international operations, and have received interest from a number of potential purchasers. As part of this initiative, on October 18, 2012 we announced that we reached an agreement to sell our Mexican insurance business, ABA Seguros, to the ACE Group. Further, on October 23, 2012, we announced that we reached an agreement to sell our Canadian auto finance operation, Ally Credit Canada Limited, and ResMor Trust to Royal Bank of Canada. Refer to Note 26 for further information. We expect to continue to explore strategic alternatives for our remaining international operations. However, we can provide no assurances that we will enter into strategic transactions with respect to all or any portion of the balance of our international operations.

Ally Bank Mortgage Servicing Rights Portfolio and Business Lending Operations

On October 26, 2012, Ally Bank announced that it has begun to explore strategic alternatives for its agency mortgage servicing rights (MSR) portfolio and its business lending operations. Ally Bank expects to continue originating a modest level of high-quality residential jumbo mortgages for its own portfolio through correspondents and wholesale brokers.

Significant Accounting Policies

Income Taxes

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

Refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K regarding additional significant accounting policies.

Recently Adopted Accounting Standards

Financial Services - Insurance - Accounting for Costs Associated with Acquiring or Renewing Insurance Contracts (ASU 2010-26)

As of January 1, 2012, we adopted Accounting Standards Update (ASU) 2010-26, which amends ASC 944, Financial Services - Insurance. The amendments in this ASU specify which costs incurred in the acquisition of new and renewal insurance contracts should be capitalized. All other acquisition-related costs should be expensed as incurred. If the initial application of the amendments in this ASU results in the capitalization of acquisition costs that had not been previously capitalized, an entity may elect not to capitalize those types of costs. Both retrospective application and early adoption was permitted. We elected prospective application and did not early adopt the ASU. The adoption did

not have a material impact to our consolidated financial condition or results of operations.

Fair Value Measurement - Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs (ASU 2011-04)

As of January 1, 2012, we adopted ASU 2011-04, which amends ASC 820, Fair Value Measurements. The amendments in this ASU clarify how to measure fair value and it contains new disclosure requirements to provide more transparency into Level 3 fair value measurements. It is intended to improve the comparability of fair value measurements presented and disclosed in financial statements prepared in accordance with U.S. GAAP and International Financial Reporting Standards (IFRS). The ASU must be applied prospectively. The adoption did not have a material impact to our consolidated financial condition or results of operations.

Intangibles-Goodwill and Other - Testing Goodwill for Impairment (ASU 2011-08)

As of January 1, 2012, we adopted ASU 2011-08, which amends ASC 350, Intangibles-Goodwill and Other. This ASU permits the option of performing a qualitative assessment before calculating the fair value of a reporting unit in step 1 of the goodwill impairment test. If it is determined, on the basis of qualitative factors, that the fair value of a reporting unit is more likely than not more than the carrying amount, the two-step impairment test would not be required. Otherwise, further evaluation under the existing two-step framework would be required. The adoption did not have a material impact to our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

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

In December 2011, the Financial Accounting Standards Board issued ASU 2011-11, which amends ASC 210, Balance Sheet. This ASU contains new disclosure requirements regarding the nature of an entity's rights of setoff and related arrangements associated with its financial instruments and derivative instruments. The new disclosures will give financial statement users information about both gross and net exposures. ASU 2011-11 is effective for us on January 1, 2013, and retrospective application is required. Since the guidance relates only to disclosures, adoption is not expected to have a material effect on our consolidated financial condition or results of operations.

2. Discontinued and Held-for-sale Operations

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

Select Mortgage Operations

During the second quarter of 2012, we sold the Canadian mortgage operations of ResMor Trust.

Select Global Automotive Services — Insurance Operations

During the fourth quarter of 2011, we committed to sell our U.K.-based operations that provide vehicle service contracts and insurance products in Europe and Latin America. During the second quarter of 2011, we completed the sale of our U.K. consumer property and casualty insurance business.

Select Global Automotive Services — International Automotive Finance Operations

During the fourth quarter of 2011, we committed to sell our full-service leasing operations in Austria, Germany, Greece, Portugal, and Spain. During the first quarter of 2012, we completed the sale of our Venezuela operations.

Select Financial Information

Select financial information of discontinued operations is summarized below. The pretax income or loss, including direct costs to transact, 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 the fluidity of ongoing negotiations, price volatility, changing interest rates, changing foreign-currency rates, and future economic conditions.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Select Mortgage operations				
Total net (loss) revenue	$—	$(8)	$8	$(5)
Pretax loss including direct costs to transact a sale	—	(14)	(10)	(25)
Tax benefit	(7)	(4)	(7)	(7)
Select Global Automotive Services — Insurance operations				
Total net revenue	$38	$35	$110	$201
Pretax (loss) income including direct costs to transact a sale	(12)	3	(36)	21
Tax expense	—	1	3	3
Select Global Automotive Services — International operations				
Total net revenue	$1	$7	$9	$50
Pretax (loss) income including direct costs to transact a sale (a)	(4)	(5)	11	(30)
Tax (benefit) expense	(3)	(2)	1	(1)

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

Held-for-sale Operations

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

September 30, 2012 ($ in millions)	Select Global Automotive Services –Insurance operations (a)	Select Global Automotive Services – International operations (b)	Total held-for-sale operations
Assets			
Cash and cash equivalents			
Noninterest-bearing	$4	$28	$32
Interest-bearing	87	8	95
Total cash and cash equivalents	91	36	127
Investment securities	182	—	182
Finance receivables and loans, net	—	2	2
Investment in operating leases, net	—	25	25
Premiums receivable and other insurance assets	79	—	79
Other assets	20	11	31
Impairment on assets of held-for-sale operations	(51)	(20)	(71)
Total assets	$321	$54	$375
Liabilities			
Unearned insurance premiums and service revenue	$137	$—	$137
Reserves for insurance losses and loss adjustment expenses	14	—	14
Accrued expenses and other liabilities	97	6	103
Total liabilities	$248	$6	$254

(a) Includes our U.K.-based operations that provide vehicle service contracts and insurance products.
(b) Includes our full-service leasing operations in Austria, Germany, Greece, Portugal, and Spain.

December 31, 2011 ($ in millions)	Select Mortgage operations (a)	Select Global Automotive Services –Insurance operations (b)	Select Global Automotive Services – International operations (c)	Total held-for-sale operations
Assets				
Cash and cash equivalents				
Noninterest-bearing	$—	$ 4	$ 55	$59
Interest-bearing	—	54	38	92
Total cash and cash equivalents	—	58	93	151
Investment securities	—	186	—	186
Loans held-for-sale, net	260	—	—	260
Finance receivables and loans, net				
Finance receivables and loans, net	285	—	11	296
Allowance for loan losses	—	—	(1)	(1)
Total finance receivables and loans, net	285	—	10	295
Investment in operating leases, net	—	—	91	91
Premiums receivable and other insurance assets	—	77	—	77
Other assets	140	14	30	184
Impairment on assets of held-for-sale operations	—	—	(174)	(174)
Total assets	$685	$ 335	$ 50	$1,070
Liabilities				
Unearned insurance premiums and service revenue	$—	$ 130	$ —	$130
Reserves for insurance losses and loss adjustment expenses	—	17	—	17
Accrued expenses and other liabilities	80	82	28	190
Total liabilities	$80	$ 229	$ 28	$337

(a) Includes the Canadian mortgage operations of ResMor Trust.
(b) Includes our U.K.-based operations that provide vehicle service contracts and insurance products.
(c) Includes the operations of Venezuela and our full-service leasing operations in Austria, Germany, Greece, Portugal, and Spain.

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Recurring Fair Value

The following tables display the assets and liabilities of our held-for-sale operations measured at fair value on a recurring basis. Refer to Note 22 for descriptions of valuation methodologies used to measure material assets at fair value and details of the valuation models, key inputs to these models, and significant assumptions used.

	Recurring fair value measurements			
($ in millions)	Level 1	Level 2	Level 3	Total
September 30, 2012				
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
Foreign government	$182	$—	$—	$182
Total assets	$182	$—	$—	$182
December 31, 2011				
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
Foreign government	$171	$15	$—	$186
Other assets				
Interest retained in financial asset sales	—	—	66	66
Total assets	$171	$15	$66	$252

3. Other Income, Net of Losses

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Mortgage processing fees and other mortgage income	$105	$53	$342	$141
Late charges and other administrative fees	33	30	96	86
Income from equity-method investments	22	21	69	63
Remarketing fees	16	24	54	92
Securitization income	10	18	33	169
Fair value adjustment on derivatives (a)	(3)	(55)	(35)	(134)
Change due to fair value option elections (b)	—	(44)	(19)	(83)
Other, net	42	83	188	239
Total other income, net of losses	$225	$130	$728	$573

(a) Refer to Note 20 for a description of derivative instruments and hedging activities.
(b) Refer to Note 22 for a description of fair value option elections.

4. Other Operating Expenses

Details of other operating expenses were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Insurance commissions	$106	$116	$325	$350
Lease and loan administration	94	47	204	136
Technology and communications	86	127	321	361
Professional services	69	83	278	226
Advertising and marketing	38	46	114	141
Regulatory and licensing fees	33	32	101	102
Mortgage representation and warranty obligation, net	30	70	67	280
Premises and equipment depreciation	24	24	73	73
Vehicle remarketing and repossession	20	32	65	104
State and local non-income taxes	23	29	52	95
Occupancy	17	25	62	69
Impairment and accruals related to ResCap deconsolidation	—	—	1,192 (a)	—
Other	79	123	414	455
Total other operating expenses	$619	$754	$3,268	$2,392

(a) This charge consists of the $442 million total impairment of our investment in ResCap and a $750 million cash contribution to be made by us to the Debtors' estate. Refer to Note 1 for more information regarding the Debtors' bankruptcy, deconsolidation, and this charge.

5. Trading Assets

The composition of trading assets was as follows.

($ in millions)	September 30, 2012	December 31, 2011
Mortgage-backed residential trading securities	$—	$608
Trading derivatives	—	14
Total trading assets	$—	$622

6. Investment Securities

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

	September 30, 2012				December 31, 2011			
	Amortized	Gross unrealized		Fair	Amortized	Gross unrealized		Fair
($ in millions)	cost	gains	losses	value	cost	gains	losses	value
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$1,354	$4	$—	$1,358	$1,535	$13	$(2)	$1,546
U.S. states and political subdivisions	—	—	—	—	1	—	—	1
Foreign government	803	17	—	820	765	20	(1)	784
Mortgage-backed residential (a)	6,269	114	(9)	6,374	7,266	87	(41)	7,312
Asset-backed	2,365	47	(1)	2,411	2,600	28	(13)	2,615
Corporate debt	1,349	59	(4)	1,404	1,486	23	(18)	1,491
Other	333	—	—	333	326	1	—	327
Total debt securities	12,473	241	(14)	12,700	13,979	172	(75)	14,076
Equity securities	1,114	28	(72)	1,070	1,188	25	(154)	1,059
Total available-for-sale securities (b)	$13,587	$269	$(86)	$13,770	$15,167	$197	$(229)	$15,135

(a) Residential mortgage-backed securities include agency-backed bonds totaling $4,580 million and $6,114 million at September 30, 2012, and December 31, 2011, respectively.

(b) Certain entities related to our Insurance operations are required to deposit securities with state regulatory authorities. These deposited securities totaled $15 million and $16 million at September 30, 2012, and December 31, 2011, respectively.

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

	Total		Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years (a)	
($ in millions)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
September 30, 2012										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$1,358	0.5 %	$428	— %	$731	0.7 %	$199	1.1 %	$—	— %
Foreign government	820	3.6	134	3.9	433	3.8	249	3.1	4	6.3
Mortgage-backed residential	6,374	2.7	—	—	4	5.3	182	2.3	6,188	2.7
Asset-backed	2,411	2.2	5	3.9	1,583	2.1	486	2.0	337	3.2
Corporate debt	1,404	5.2	18	3.9	637	4.2	621	6.2	128	5.7
Other	333	1.4	332	1.4	—	—	1	4.4	—	—
Total available-for-sale debt securities	$12,700	2.6	$917	1.2	$3,388	2.3	$1,738	3.3	$6,657	2.7
Amortized cost of available-for-sale debt securities	$12,473		$916		$3,339		$1,682		$6,536	
December 31, 2011										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$1,546	0.9 %	$231	— %	$1,202	0.9 %	$113	2.2 %	$—	— %
U.S. states and political subdivisions	1	5.4	—	—	—	—	—	—	1	5.4
Foreign government	784	4.4	77	7.7	506	4.3	201	3.3	—	—
Mortgage-backed residential	7,312	2.5	3	4.8	2	6.3	189	2.6	7,118	2.5
Asset-backed	2,615	2.1	—	—	1,599	1.9	574	1.9	442	3.2
Corporate debt	1,491	4.9	19	4.9	741	4.4	606	5.6	125	4.7
Other	327	1.4	316	1.3	—	—	11	4.6	—	—
Total available-for-sale debt securities	$14,076	2.6	$646	1.7	$4,050	2.4	$1,694	3.5	$7,686	2.6
Amortized cost of available-for-sale debt securities	$13,979		$644		$4,026		$1,678		$7,631	

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

(b)

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

The balances of cash equivalents were $7.3 billion and $5.6 billion at September 30, 2012, and December 31, 2011, respectively, and were composed primarily of money market accounts and short-term securities, including U.S. Treasury bills.

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Gross realized gains	$55	$90	$224	$288
Gross realized losses	(18)	(15)	(31)	(37)
Other-than-temporary impairment	(56)	—	(56)	—
Net realized (losses) gains	$(19)	$75	$137	$251

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Taxable interest	$67	$96	$225	$294
Taxable dividends	6	6	18	17
Interest and dividends on available-for-sale securities	$73	$102	$243	$311

Certain available for sale securities were sold at a loss in 2012 and 2011 as a result of market conditions within these respective periods (e.g., a downgrade in the rating of a debt security). The table below summarizes available-for-sale securities in an unrealized loss position in accumulated other comprehensive income. Based on the methodology described below that was applied to these securities, we believe that the unrealized losses relate to factors other than credit losses in the current market environment. As of September 30, 2012, we did not have the intent to sell the debt securities with an unrealized loss position in accumulated other comprehensive income, and it is not more likely than not that we will be required to sell these securities before recovery of their amortized cost basis. As of September 30, 2012, we had the ability and intent to hold equity securities with an unrealized loss position in accumulated other comprehensive income. As a result, we believe that the securities with an unrealized loss position in accumulated other comprehensive income are not considered to be other-than-temporarily impaired at September 30, 2012. Refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for additional information related to investment securities and our methodology for evaluating potential other-than-temporary impairments.

	September 30, 2012				December 31, 2011			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
($ in millions)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$22	$—	$—	$—	$179	$(2)	$—	$—
Foreign government	129	—	—	—	197	(1)	—	—
Mortgage-backed residential	650	(7)	86	(2)	2,302	(39)	45	(2)
Asset-backed	130	(1)	1	—	994	(13)	1	—
Corporate debt	101	(2)	19	(2)	444	(16)	30	(2)
Total temporarily impaired debt securities	1,032	(10)	106	(4)	4,116	(71)	76	(4)
Temporarily impaired equity securities	299	(26)	303	(46)	770	(148)	18	(6)
Total temporarily impaired available-for-sale securities	$1,331	$(36)	$409	$(50)	$4,886	$(219)	$94	$(10)

7. Loans Held-for-Sale, Net

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

	September 30, 2012			December 31, 2011		
($ in millions)	Domestic	Foreign	Total	Domestic	Foreign	Total
Consumer automobile	$—	$—	$—	$425	$—	$425
Consumer mortgage						
1st Mortgage	1,927	—	1,927	7,360	12	7,372
Home equity	—	—	—	740	—	740
Total consumer mortgage (a)	1,927	—	1,927	8,100	12	8,112
Commercial and industrial						
Other	10	—	10	20	—	20
Total loans held-for-sale (b)	$1,937	$—	$1,937	$8,545	$12	$8,557

(a) Fair value option-elected domestic consumer mortgages were $1.9 billion and $3.9 billion at September 30, 2012, and December 31, 2011, respectively. Refer to Note 22 for additional information.

(b) Totals are net of unamortized premiums and discounts and deferred fees and costs. Included in the totals are net unamortized premiums of $21 million at September 30, 2012, and net unamortized discounts of $221 million at December 31, 2011.

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

($ in millions)	September 30, 2012	December 31, 2011
High original loan-to-value (greater than 100%) mortgage loans	$336	$423
Payment-option adjustable-rate mortgage loans	—	12
Interest-only mortgage loans	9	298
Below-market rate (teaser) mortgages	—	169
Total higher-risk mortgage loans held-for-sale	$345	$902

8. Finance Receivables and Loans, Net

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

	September 30, 2012			December 31, 2011		
($ in millions)	Domestic	Foreign	Total	Domestic	Foreign	Total
Consumer automobile	$52,434	$18,413	$70,847	$46,576	$16,883	$63,459
Consumer mortgage						
1st Mortgage	7,070	—	7,070	6,867	24	6,891
Home equity	2,717	—	2,717	3,102	—	3,102
Total consumer mortgage	9,787	—	9,787	9,969	24	9,993
Commercial						
Commercial and industrial						
Automobile	27,523	7,279	34,802	26,552	8,265	34,817
Mortgage	686	—	686	1,887	24	1,911
Other	2,552	6	2,558	1,178	63	1,241
Commercial real estate						
Automobile	2,446	133	2,579	2,331	154	2,485
Mortgage	—	—	—	—	14	14
Total commercial	33,207	7,418	40,625	31,948	8,520	40,468
Loans at fair value (a)	—	—	—	603	232	835
Total finance receivables and loans (b)	$95,428	$25,831	$121,259	$89,096	$25,659	$114,755

(a) Includes domestic consumer mortgages at fair value as a result of fair value option election. Refer to Note 22 for additional information.

(b) Totals are net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $3.0 billion and $2.9 billion at September 30, 2012, and December 31, 2011, respectively.

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

Three months ended September 30, 2012 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2012	$778	$472	$177	$1,427
Charge-offs				
Domestic	(111)	(33)	(3)	(147)
Foreign	(47)	—	—	(47)
Total charge-offs	(158)	(33)	(3)	(194)
Recoveries				
Domestic	41	2	1	44
Foreign	21	—	4	25
Total recoveries	62	2	5	69
Net charge-offs	(96)	(31)	2	(125)
Provision for loan losses	117	6	(7)	116
Other	4	—	1	5
Allowance at September 30, 2012	$803	$447	$173	$1,423

Three months ended September 30, 2011 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2011	$911	$558	$270	$1,739
Charge-offs				
Domestic	(97)	(54)	(6)	(157)
Foreign	(37)	(2)	(7)	(46)
Total charge-offs	(134)	(56)	(13)	(203)
Recoveries				
Domestic	45	4	4	53
Foreign	18	1	8	27
Total recoveries	63	5	12	80
Net charge-offs	(71)	(51)	(1)	(123)
Provision for loan losses	53	26	(29)	50
Discontinued operations	—	(1)	—	(1)
Other	(42)	—	(2)	(44)
Allowance at September 30, 2011	$851	$532	$238	$1,621

Nine months ended September 30, 2012 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2012	$766	$516	$221	$1,503
Charge-offs				
Domestic	(296)	(119)	(6)	(421)
Foreign	(128)	—	(2)	(130)
Total charge-offs	(424)	(119)	(8)	(551)
Recoveries				
Domestic	129	8	10	147
Foreign	55	—	29	84
Total recoveries	184	8	39	231
Net charge-offs	(240)	(111)	31	(320)
Provision for loan losses	295	54	(64)	285
Deconsolidation of ResCap	—	(9)	—	(9)
Other	(18)	(3)	(15)	(36)
Allowance at September 30, 2012	$803	$447	$173	$1,423
Allowance for loan losses				
Individually evaluated for impairment	$10	$172	$38	$220
Collectively evaluated for impairment	789	275	135	1,199
Loans acquired with deteriorated credit quality	4	—	—	4
Finance receivables and loans at historical cost				
Ending balance	70,847	9,787	40,625	121,259
Individually evaluated for impairment	97	738	1,662	2,497
Collectively evaluated for impairment	70,710	9,049	38,963	118,722
Loans acquired with deteriorated credit quality	40	—	—	40

Nine months ended September 30, 2011 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2011	$970	$580	$323	$1,873
Charge-offs				
Domestic	(331)	(162)	(24)	(517)
Foreign	(112)	(4)	(55)	(171)
Total charge-offs	(443)	(166)	(79)	(688)
Recoveries				
Domestic	146	13	16	175
Foreign	54	1	25	80
Total recoveries	200	14	41	255
Net charge-offs	(243)	(152)	(38)	(433)
Provision for loan losses	157	104	(48)	213
Other	(33)	—	1	(32)
Allowance at September 30, 2011	$851	$532	$238	$1,621
Allowance for loan losses				
Individually evaluated for impairment	$2	$125	$49	$176
Collectively evaluated for impairment	839	407	189	1,435
Loans acquired with deteriorated credit quality	10	—	—	10
Finance receivables and loans at historical cost				
Ending balance	59,705	10,269	37,897	107,871

Individually evaluated for impairment	52	600	698	1,350
Collectively evaluated for impairment	59,549	9,669	37,199	106,417
Loans acquired with deteriorated credit quality	104	—	—	104

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

($ in millions)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Consumer automobile	$—	$1,961	$1,960	$3,279
Consumer mortgage	—	7	40	100
Commercial	10	27	10	33
Total sales and transfers	$10	$1,995	$2,010	$3,412

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

($ in millions)	30-59 days past due	60-89 days past due	90 days or more past due	Total past due	Current	Total finance receivables and loans
September 30, 2012						
Consumer automobile	$848	$197	$191	$1,236	$69,611	$ 70,847
Consumer mortgage						
1st Mortgage	76	38	161	275	6,795	7,070
Home equity	17	12	13	42	2,675	2,717
Total consumer mortgage	93	50	174	317	9,470	9,787
Commercial						
Commercial and industrial						
Automobile	7	2	58	67	34,735	34,802
Mortgage	—	—	—	—	686	686
Other	—	—	1	1	2,557	2,558
Commercial real estate						
Automobile	2	—	18	20	2,559	2,579
Mortgage	—	—	—	—	—	—
Total commercial	9	2	77	88	40,537	40,625
Total consumer and commercial	$950	$249	$442	$1,641	$119,618	$ 121,259
December 31, 2011						
Consumer automobile	$802	$162	$179	$1,143	$62,316	$ 63,459
Consumer mortgage						
1st Mortgage	91	35	162	288	6,603	6,891
Home equity	21	11	18	50	3,052	3,102
Total consumer mortgage	112	46	180	338	9,655	9,993
Commercial						
Commercial and industrial						
Automobile	—	1	126	127	34,690	34,817
Mortgage	—	—	—	—	1,911	1,911
Other	—	—	1	1	1,240	1,241
Commercial real estate						
Automobile	2	1	34	37	2,448	2,485
Mortgage	—	2	12	14	—	14
Total commercial	2	4	173	179	40,289	40,468
Total consumer and commercial	$916	$212	$532	$1,660	$112,260	$ 113,920

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

($ in millions)	September 30, 2012	December 31, 2011
Consumer automobile	$304	$228
Consumer mortgage		
1st Mortgage	444	281
Home equity	36	58
Total consumer mortgage	480	339
Commercial		
Commercial and industrial		
Automobile	257	223
Mortgage	—	—
Other	36	37
Commercial real estate		
Automobile	53	67
Mortgage	—	12
Total commercial	346	339
Total consumer and commercial finance receivables and loans	$1,130	$906

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

The following table presents performing and nonperforming credit quality indicators in accordance with our internal accounting policies for our consumer finance receivables and loans recorded at historical cost reported at carrying value before allowance for loan losses.

	September 30, 2012			December 31, 2011		
($ in millions)	Performing	Nonperforming	Total	Performing	Nonperforming	Total
Consumer automobile	$70,543	$304	$70,847	$63,231	$228	$63,459
Consumer mortgage						
1st Mortgage	6,626	444	7,070	6,610	281	6,891
Home equity	2,681	36	2,717	3,044	58	3,102
Total consumer mortgage	$9,307	$480	$9,787	$9,654	$339	$9,993

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

	September 30, 2012			December 31, 2011		
($ in millions)	Pass	Criticized (a)	Total	Pass	Criticized (a)	Total
Commercial						
Commercial and industrial						
Automobile	$32,766	$2,036	$34,802	$32,464	$2,353	$34,817
Mortgage	667	19	686	1,760	151	1,911
Other	2,306	252	2,558	883	358	1,241
Commercial real estate						
Automobile	2,471	108	2,579	2,305	180	2,485
Mortgage	—	—	—	—	14	14

Total commercial	$38,210	$2,415	$40,625	$37,412	$3,056	$40,468

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

Impaired Loans and Troubled Debt Restructurings

Impaired Loans

Loans are considered impaired when we determine it is probable that we will be unable to collect all amounts due according to the terms of the loan agreement. For more information on our impaired finance receivables and loans, refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K.

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

($ in millions)	Unpaid principal balance	Carrying value before allowance	Impaired with no allowance	Impaired with an allowance	Allowance for impaired loans
September 30, 2012					
Consumer automobile	$97	$97	$—	$97	$10
Consumer mortgage					
1st Mortgage	728	646	101	545	133
Home equity	91	92	—	92	39
Total consumer mortgage	819	738	101	637	172
Commercial					
Commercial and industrial					
Automobile	257	257	93	164	15
Mortgage	—	—	—	—	—
Other	36	36	10	26	7
Commercial real estate					
Automobile	53	53	14	39	16
Mortgage	—	—	—	—	—
Total commercial	346	346	117	229	38
Total consumer and commercial finance receivables and loans	$1,262	$1,181	$218	$963	$220
December 31, 2011					
Consumer automobile	$69	$69	$—	$69	$7
Consumer mortgage					
1st Mortgage	516	508	83	425	126
Home equity	97	98	—	98	46
Total consumer mortgage	613	606	83	523	172
Commercial					
Commercial and industrial					
Automobile	222	222	64	158	22
Mortgage	—	—	—	—	—
Other	37	37	25	12	5
Commercial real estate					
Automobile	68	68	32	36	18
Mortgage	12	12	1	11	5
Total commercial	339	339	122	217	50
Total consumer and commercial finance receivables and loans	$1,021	$1,014	$205	$809	$229

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

Three months ended September 30, ($ in millions)	2012 Average balance	2012 Interest income	2011 Average balance	2011 Interest income
Consumer automobile	$97	$2	$56	$1
Consumer mortgage				
1st Mortgage	628	10	476	5
Home equity	91	1	93	1
Total consumer mortgage	719	11	569	6
Commercial				
Commercial and industrial				
Automobile	229	4	306	6
Mortgage	—	—	2	1
Other	37	—	54	—
Commercial real estate				
Automobile	51	1	104	4
Mortgage	—	—	31	—
Total commercial	317	5	497	11
Total consumer and commercial finance receivables and loans	$1,133	$18	$1,122	$18

Nine months ended September 30, ($ in millions)	2012 Average balance	2012 Interest income	2011 Average balance	2011 Interest income
Consumer automobile	$91	$7	$23	$1
Consumer mortgage				
1st Mortgage	574	21	449	13
Home equity	95	3	89	3
Total consumer mortgage	669	24	538	16
Commercial				
Commercial and industrial				
Automobile	212	9	321	7
Mortgage	6	—	26	6
Other	32	5	95	1
Commercial real estate				
Automobile	57	2	141	4
Mortgage	7	—	47	1
Total commercial	314	16	630	19
Total consumer and commercial finance receivables and loans	$1,074	$47	$1,191	$36

Troubled Debt Restructurings

TDRs are loan modifications where concessions were granted to borrowers experiencing financial difficulties. Numerous initiatives, such as the Home Affordable Modification Program (HAMP) are in place to provide support to our mortgage customers in financial distress, including principal forgiveness, maturity extensions, delinquent interest capitalization, and changes to contractual interest rates. Additionally for automobile loans, we offer several types of assistance to aid our customers including changing the maturity date and rewriting the loan terms. Total TDRs recorded at historical cost and reported at carrying value before allowance for loan losses were $885 million at September 30, 2012, reflecting an increase of $151 million from December 31, 2011. Refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for additional information.

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

Three months ended September 30, ($ in millions)	2012 Number of loans	2012 Pre-modification carrying value before allowance	2012 Post-modification carrying value before allowance	2011 Number of loans	2011 Pre-modification carrying value before allowance	2011 Post-modification carrying value before allowance
Consumer automobile	1,207	$ 14	$ 14	1,629	$ 21	$ 21
Consumer mortgage						
1st Mortgage	218	74	59	80	30	29
Home equity	85	5	5	213	12	11
Total consumer mortgage	303	79	64	293	42	40
Commercial						
Commercial and industrial						
Automobile	3	7	7	—	—	—
Mortgage	—	—	—	—	—	—
Other	—	—	—	—	—	—
Commercial real estate						
Automobile	1	2	2	1	2	2
Mortgage	—	—	—	1	3	2
Total commercial	4	9	9	2	5	4
Total consumer and commercial finance receivables and loans	1,514	$ 102	$ 87	1,924	$ 68	$ 65

Nine months ended September 30, ($ in millions)	2012 Number of loans	2012 Pre-modification carrying value before allowance	2012 Post-modification carrying value before allowance	2011 Number of loans	2011 Pre-modification carrying value before allowance	2011 Post-modification carrying value before allowance
Consumer automobile	5,979	$ 72	$ 72	4,407	$ 58	$ 58
Consumer mortgage						
1st Mortgage	1,140	333	247	309	111	110
Home equity	312	18	17	695	39	36
Total consumer mortgage	1,452	351	264	1,004	150	146
Commercial						
Commercial and industrial						
Automobile	9	15	15	1	3	3
Mortgage	—	—	—	1	38	28
Other	—	—	—	2	11	10
Commercial real estate						
Automobile	5	11	10	2	6	4
Mortgage	—	—	—	2	4	3
Total commercial	14	26	25	8	62	48
Total consumer and commercial finance receivables and loans	7,445	$ 449	$ 361	5,419	$ 270	$ 252

The following tables present information about finance receivables and loans recorded at historical cost that have redefaulted during the reporting period and were within 12 months or less of being modified as a troubled debt restructuring. Redefault is when finance receivables and loans meet the requirements for evaluation under our charge-off policy (Refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for additional information) except for commercial finance receivables and loans where default is defined as 90 days past due.

	2012			2011		
Three months ended September 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automobile	145	$ 2	$ —	88	$ 1	$ —
Consumer mortgage						
1st Mortgage	5	1	—	—	—	—
Home equity	12	1	1	9	1	1
Total consumer mortgage	17	2	1	9	1	1
Commercial						
Commercial and industrial						
Automobile	—	—	—	—	—	—
Commercial real estate						
Automobile	—	—	—	—	—	—
Total commercial	—	—	—	—	—	—
Total consumer and commercial finance receivables and loans	162	$ 4	$ 1	97	$ 2	$ 1

	2012			2011		
Nine months ended September 30, ($ in millions)	Number of loans	Carrying value before allowance	Charge-off amount	Number of loans	Carrying value before allowance	Charge-off amount
Consumer automobile	514	$ 5	$ 2	176	$ 2	$ 1
Consumer mortgage						
1st Mortgage	17	4	1	5	1	—
Home equity	25	2	2	18	1	1
Total consumer mortgage	42	6	3	23	2	1
Commercial						
Commercial and industrial						
Automobile	4	3	—	1	3	—
Commercial real estate						
Automobile	1	2	—	—	—	—
Total commercial	5	5	—	1	3	—
Total consumer and commercial finance receivables and loans	561	$ 16	$ 5	200	$ 7	$ 2

At September 30, 2012, and December 31, 2011, commercial commitments to lend additional funds to debtors owing receivables whose terms had been modified in a troubled debt restructuring were $26 million and $45 million, respectively.

Higher-Risk Mortgage Concentration Risk

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

($ in millions)	September 30, 2012	December 31, 2011
Interest-only mortgage loans (a)	$2,262	$2,947
Below-market rate (teaser) mortgages	197	248
Total higher-risk mortgage finance receivables and loans	$2,459	$3,195

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

9. Investment in Operating Leases, Net

Investments in operating leases were as follows.

($ in millions)	September 30, 2012	December 31, 2011
Vehicles and other equipment	$14,969	$11,160
Accumulated depreciation	(2,261)	(1,885)
Investment in operating leases, net	$12,708	$9,275

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Depreciation expense on operating lease assets (excluding remarketing gains)	$405	$352	$1,124	$1,083
Remarketing gains	(47)	(76)	(155)	(361)
Depreciation expense on operating lease assets	$358	$276	$969	$722

10. Securitizations and Variable Interest Entities

Overview

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

The SPEs involved in securitization and other financing transactions are generally considered variable interest entities (VIEs). VIEs are entities that have either a total equity investment that is insufficient to permit the entity to finance its activities without additional subordinated financial support or whose equity investors lack the ability to control the entity's activities. Due to the deconsolidation of ResCap, our mortgage securitization activity and involvement with certain mortgage-related VIEs has substantially changed. Refer to Note 1 for additional information related to ResCap.

Securitizations

We provide a wide range of consumer and commercial automobile loans, operating leases, other commercial loans, and mortgage loan products to a diverse customer base. We often securitize these loans and leases (which we collectively describe as loans or financial assets) through the use of securitization entities, which may or may not be consolidated on our Condensed Consolidated Balance Sheet. We securitize consumer and commercial automobile loans, operating leases, and other commercial loans through private-label securitizations. We securitize consumer mortgage loans through transactions involving the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac). We previously securitized consumer mortgage loans through private-label mortgage securitizations and through transactions involving the Government National Mortgage Association (Ginnie Mae). We refer to Fannie Mae, Freddie Mac, and Ginnie Mae collectively as the Government-Sponsored Enterprises or GSEs. During the nine months ended September 30, 2012 and 2011, our consumer mortgage loans were primarily securitized through the GSEs.

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 securitization entity for cash, servicing rights, and in some transactions, other retained interests. The securitization entity is funded through the issuance of beneficial interests in the securitized financial assets. The beneficial interests take the form of either notes or trust certificates which are sold to investors and/or retained by us. These beneficial interests are collateralized by the transferred loans and entitle the investors to specified cash flows generated from the securitized loans. 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 loans, to issue beneficial interests to investors to fund the acquisition of the loans, and to enter into derivatives or other yield maintenance contracts to hedge or mitigate certain risks related to the financial assets or beneficial interests of the entity. A servicer, who is generally us, is appointed pursuant to the underlying legal documents to service the assets the securitization entity holds and the beneficial interests it issues. Servicing functions include, but are not limited to, making certain payments of property taxes and insurance premiums, default and property maintenance payments, as well as advancing principal and interest payments before collecting them from individual borrowers. Our servicing responsibilities, which constitute continued involvement in the transferred financial assets, consist of primary servicing (i.e., servicing the underlying transferred financial assets) and previously master servicing (i.e., servicing the beneficial interests that result from the securitization transactions). Certain securitization entities also require the servicer to advance scheduled principal and interest payments due on the beneficial interests issued by the entity regardless of whether cash payments are received on the underlying transferred financial assets. Accordingly, we are required to provide these servicing advances when applicable. Refer to Note 11 for additional information regarding our servicing rights.

The GSEs provide a guarantee of the payment of principal and interest on the beneficial interests issued in securitizations. In private-label securitizations, cash flows from the assets initially transferred into the securitization

entity represent the sole source for payment of distributions on the beneficial interests issued by the securitization entity and for payments to the parties that perform services for the securitization entity, such as the servicer or the trustee. In certain private-label securitization transactions, a liquidity facility may exist to provide temporary liquidity to the entity. The liquidity provider generally is reimbursed prior to other parties in subsequent distribution periods. In previous certain private-label securitizations monoline insurance may have existed to cover certain shortfalls to certain investors in the beneficial interests issued by the securitization entity. As noted above, in certain private-label securitizations, the servicer is required to advance scheduled principal and interest payments due on the beneficial interests regardless of whether cash payments are received on the underlying transferred financial assets. The servicer is allowed to reimburse itself for these servicing advances. Additionally, certain private-label securitization transactions may have previously allowed for the acquisition of additional loans subsequent to the initial loan transfer. Principal collections on other loans and/or the issuance of new beneficial interests, such as variable funding notes, generally funded those loans; we were often contractually required to invest in these new interests.

We may retain beneficial interests in our private-label securitizations, which may represent a form of significant continuing economic interest. These retained interests include, but are not limited to, senior or subordinate asset-backed securities and residuals, and previously included senior or subordinate mortgage-backed securities, interest-only strips, and principal-only strips. 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 that allow us to repurchase assets from the securitization entity. The majority of the securitizations provide us, as servicer, with a call option that allows us to repurchase the remaining transferred financial assets or outstanding beneficial interests at our discretion once the asset pool reaches a predefined level, which represents the point where servicing becomes burdensome (a clean-up call option). The repurchase price is typically the par amount of the loans plus accrued interest. Additionally, we may hold other conditional repurchase options that allow us to repurchase a transferred financial asset if certain events outside our control are met. The typical conditional repurchase option is a delinquent loan repurchase option that gives us the option to purchase the loan or contract if it exceeds a certain prespecified delinquency level. We generally have complete discretion regarding when or if we will exercise these options, but we would do so only when it is in our best interest.

Other than our customary representation and warranty provisions, these securitizations are nonrecourse to us, thereby transferring the risk of future credit losses to the extent the beneficial interests in the securitization entities are held by third parties. Representation and warranty provisions generally require us to repurchase loans or indemnify the investor or other party for incurred losses to the extent it is determined that the loans were ineligible or were otherwise defective at the time of sale. Refer to Note 25 for detail on representation and warranty provisions. We did not provide any noncontractual financial support to any of these entities during the nine months ended September 30, 2012 and 2011.

Other Variable Interest Entities

Servicer Advance Funding Entity

We previously assisted in the financing of our servicer advance receivables; we formed a VIE that issued variable funding notes to third-party investors that were collateralized by servicer advance receivables. These servicer advance receivables were transferred to the VIE and consisted of delinquent principal and interest advances we made as servicer to various investors; property taxes and insurance premiums advanced to taxing authorities and insurance companies on behalf of borrowers; and amounts advanced for mortgages in foreclosure. The VIE funded the purchase of the receivables through financing obtained from the third-party investors and subordinated loans or an equity contribution from our mortgage activities. This VIE was not consolidated on our balance sheet at September 30, 2012 as a result of the deconsolidation of ResCap, but was consolidated on our balance sheet at December 31, 2011. The beneficial interest holder of this VIE does not have legal recourse to our general credit. We do not have a contractual obligation to provide any type of financial support in the future, nor have we provided noncontractual financial support to the entity during the nine months ended September 30, 2012 and 2011.

Other

We had involvements with various other on-balance sheet, immaterial VIEs. Most of these VIEs were used for additional liquidity whereby we sold certain financial assets into the VIE and issued beneficial interests to third parties for cash.

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

Involvement with Variable Interest Entities

The determination of whether financial assets transferred by us to these VIEs (and related liabilities) 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 SPE. 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.

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

($ in millions)	Consolidated involvement with VIEs		Assets of nonconsolidated VIEs (a)		Maximum exposure to loss in nonconsolidated VIEs	
September 30, 2012						
On-balance sheet variable interest entities						
Consumer automobile	$29,131		$—		$—	
Commercial automobile	18,741		—		—	
Commercial other	656		—		—	
Off-balance sheet variable interest entities						
Consumer automobile	—		1,659		1,659	(b)
Consumer mortgage — other	—		—	(c)	13	(d)
Commercial other	(28	) (e)	—	(f)	92	
Total	$48,500		$1,659		$1,764	
December 31, 2011						
On-balance sheet variable interest entities						
Consumer automobile	$26,504		$—		$—	
Consumer mortgage — private-label	1,098		—		—	
Commercial automobile	19,594		—		—	
Other	956		—		—	
Off-balance sheet variable interest entities						
Consumer mortgage — Ginnie Mae	2,652	(g)	44,127		44,127	(b)
Consumer mortgage — CMHC	66	(g)	3,222		66	(h)
Consumer mortgage — private-label	141	(g)	4,408		4,408	(b)
Consumer mortgage — other	—		—	(c)	17	(d)
Commercial other	83	(e)	—	(f)	242	
Total	$51,094		$51,757		$48,860	

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

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

(c) Includes a VIE for which we have no management oversight and therefore we are not able to provide the total assets of the VIE. However, in March 2011 we sold excess servicing rights valued at $266 million to the VIE.

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

(e) Includes $0 million and $100 million classified as finance receivables and loans, net, and $0 million and $20 million classified as other assets, offset by $28 million and $37 million classified as accrued expenses and other liabilities at September 30, 2012, and December 31, 2011, respectively.

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

(g) Includes $0 billion and $2.4 billion classified as mortgage loans held-for-sale, $0 million and $92 million classified as trading securities or other assets, and $0 million and $386 million classified as mortgage servicing rights at

September 30, 2012, and December 31, 2011, respectively. CMHC is the Canada Mortgage and Housing Corporation.

(h) Due to combination of the credit loss insurance on the mortgages and the guarantee by CMHC on the issued securities, the maximum exposure to loss would be limited to the amount of the retained interests. Additionally, the maximum loss would occur only in the event that CMHC dismisses us as servicer of the loans due to servicer performance or insolvency.

On-balance Sheet Variable Interest Entities

We engage in securitization and other financing transactions that do not qualify for off-balance sheet treatment. In these situations, we hold beneficial interests or other interests in the VIE, which represent a form of significant continuing economic interest. These retained interests include, but are not limited to, senior or subordinate asset-backed securities and residuals, and previously included senior or subordinate mortgage-backed securities, interest-only strips, and principal-only strips. Certain of these retained interests provide credit enhancement to the securitization entity as they may absorb credit losses or other cash shortfalls. Additionally, the securitization documents 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. Because these securitization entities are consolidated, these retained interests and servicing rights are not recognized as separate assets on our Condensed Consolidated Balance Sheet.

We consolidated certain of these entities because we had a controlling financial interest in the VIE, primarily due to our servicing

activities, and because we hold a significant variable interest in the VIE. We are generally the primary beneficiary of automobile securitization entities for which we perform servicing activities and have retained a significant variable interest in the form of a beneficial interest. We were previously the primary beneficiary of certain mortgage private-label securitization entities.

The consolidated VIEs included in the Condensed Consolidated Balance Sheet represent separate entities with which we are involved. The third-party investors in the obligations of consolidated VIEs have legal recourse only to the assets of the VIEs and do not have such recourse to us, except for the customary representation and warranty provisions or when we are the counterparty to certain derivative transactions involving the VIE. In addition, the cash flows from the assets are restricted only to pay such liabilities. Thus, our economic exposure to loss from outstanding third-party financing related to consolidated VIEs is significantly less than the carrying value of the consolidated VIE assets. All assets are restricted for the benefit of the beneficial interest holders. Refer to Note 22 for discussion of the assets and liabilities for which the fair value option has been elected.

Off-balance Sheet Variable Interest Entities

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. The cash flows from the assets of nonconsolidated securitization entities generally are the sole source of payment on the securitization entities' liabilities. The creditors of these securitization entities have no recourse to us with the exception of market customary representation and warranty provisions as described in Note 25.

Nonconsolidated VIEs include entities for which 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 the sale accounting conditions in ASC 860, Transfers and Servicing. Previously, our residential mortgage loan securitizations consisted of Ginnie Mae and private-label securitizations. We are not the primary beneficiary of any GSE loan securitization transaction because we do not have the power to direct the significant activities of such entities. Previously, we did not consolidate certain private-label mortgage securitizations because we did not have a variable interest that could potentially have been significant or we did not have power to direct the activities that most significantly impacted the performance of the VIE.

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

The following summarizes all pretax gains and losses recognized on financial assets sold into nonconsolidated securitization and similar asset-backed financing entities.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Consumer automobile	$—	$—	$6	$—
Consumer mortgage — GSEs	19	332	384	597
Consumer mortgage — private-label	—	—	—	1
Total pretax gain	$19	$332	$390	$598

The following table summarizes cash flows received from and paid related to securitization entities, asset-backed financings, or other similar transfers of financial assets where the transfer is accounted for as a sale and we have a continuing involvement with the transferred assets (e.g., servicing) that were outstanding during the three months ended September 30, 2012 and 2011. Additionally, this table contains information regarding cash flows received from and paid to nonconsolidated securitization entities that existed during each period.

Nine months ended September 30, ($ in millions)	Consumer automobile	Consumer mortgage GSEs	Consumer mortgage private-label
2012			
Cash proceeds from transfers completed during the period	$1,978	$23,779	$5
Cash flows received on retained interests in securitization entities	—	—	71
Servicing fees	8	560	63
Purchases of previously transferred financial assets	—	(876)	(12)
Representations and warranties obligations	—	(105)	(7)
Other cash flows	—	(91)	255
2011			
Cash proceeds from transfers completed during the period	$—	$43,877	$722
Cash flows received on retained interests in securitization entities	—	—	53
Servicing fees	—	747	152
Purchases of previously transferred financial assets	—	(1,744)	(17)
Representations and warranties obligations	—	(101)	(29)
Other cash flows	—	60	135

The following tables represent on-balance sheet loans held-for-sale and finance receivable and loans, off-balance sheet securitizations, and whole-loan sales where we have continuing involvement. The table presents quantitative information about delinquencies and net credit losses. Refer to Note 11 for further detail on total serviced assets.

	Total Amount		Amount 60 days or more past due	
($ in millions)	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
On-balance sheet loans				
Consumer automobile	$70,847	$63,884	$388	$341
Consumer mortgage (a)	11,714	18,940	240	3,242
Commercial automobile	37,381	37,302	78	162
Commercial mortgage	686	1,925	—	14
Commercial other	2,568	1,261	1	1
Total on-balance sheet loans	123,196	123,312	707	3,760
Off-balance sheet securitization entities				
Consumer automobile	1,659	—	2	—
Consumer mortgage — GSEs	122,892	262,984	1,903	9,456
Consumer mortgage — private-label	—	63,991	—	11,301
Total off-balance sheet securitization entities	124,551	326,975	1,905	20,757
Whole-loan transactions (b)	8,112	33,961	36	2,901
Total	$255,859	$484,248	$2,648	$27,418

(a)

Includes loans subject to conditional repurchase options of $0 billion and $2.3 billion guaranteed by the GSEs, and $0 million and $132 million sold to certain private-label mortgage securitization entities at September 30, 2012, and December 31, 2011, respectively.

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

	Net credit losses			
	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
On-balance sheet loans				
Consumer automobile	$96	$71	$240	$243
Consumer mortgage	2	47	20	130
Commercial automobile	2	—	1	11
Commercial mortgage	—	1	(1)	26
Commercial other	(4)	—	(31)	1
Total on-balance sheet loans	96	119	229	411
Off-balance sheet securitization entities				
Consumer automobile	1	—	1	—
Consumer mortgage — GSEs (a)	n/m	n/m	n/m	n/m
Consumer mortgage — private-label	—	910	1,234	3,209
Total off-balance sheet securitization entities	1	910	1,235	3,209
Whole-loan transactions	1	182	238	626
Total	$98	$1,211	$1,702	$4,246

n/m = not meaningful

(a) Anticipated credit losses are not meaningful due to the GSE guarantees.

11. Servicing Activities

Mortgage Servicing Rights

The following tables summarize activity related to MSRs, which are carried at fair value. As MSRs do not trade in an active market with observable prices, management estimates fair value using internally developed discounted cash flow models (an income approach) to estimate the fair value. These internal valuation models estimate net cash flows based on internal operating assumptions that we believe would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believe approximate yields required by investors in this asset.

Three months ended September 30, ($ in millions)	2012 (a)	2011
Estimated fair value at July 1,	$1,105	$3,701
Additions recognized on sale of mortgage loans	50	159
Additions from purchases of servicing rights	—	15
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	(192)	(1,106)
Other changes in fair value	(61)	(106)
Estimated fair value at September 30,	$902	$2,663

(a) The balance is at Ally Bank. Ally Bank announced that it has begun to explore strategic alternatives for its agency MSR portfolio. Refer to Note 1 for more information.

Nine months ended September 30, ($ in millions)	2012 (a)	2011
Estimated fair value at January 1,	$2,519	$3,738
Additions recognized on sale of mortgage loans	167	487
Additions from purchases of servicing rights	—	31
Subtractions from sales of servicing assets	—	(266)
Changes in fair value		
Due to changes in valuation inputs or assumptions used in the valuation model	(330)	(943)

Other changes in fair value	(324)	(384)
Deconsolidation of ResCap	(1,130)	—
Estimated fair value at September 30,	$902	$2,663

(a) The remaining balance is at Ally Bank, due to the deconsolidation of ResCap. Ally Bank announced that it has begun to explore strategic alternatives for its agency MSR portfolio. Refer to Note 1 for more information.

Changes in fair value due to changes in valuation inputs or assumptions used in the valuation model include all changes due to a revaluation by a model or by a benchmarking exercise. Other changes in fair value primarily include the accretion of the present value of the discount related to forecasted cash flows and the economic runoff of the portfolio. Refer to Note 1 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for additional information regarding our significant assumptions and valuation techniques used in the valuation of mortgage servicing rights.

The key economic assumptions and sensitivity of the fair value of MSRs to immediate 10% and 20% adverse changes in those assumptions were as follows.

($ in millions)	September 30, 2012	December 31, 2011
Weighted average life (in years)	4.1	4.7
Weighted average prepayment speed	17.0%	15.7%
Impact on fair value of 10% adverse change	$(81)	$(135)
Impact on fair value of 20% adverse change	(152)	(257)
Weighted average discount rate	5.9%	10.2%
Impact on fair value of 10% adverse change	$(7)	$(59)
Impact on fair value of 20% adverse change	(12)	(114)

These sensitivities are hypothetical and should be considered with caution. Changes in fair value based on a 10% and 20% variation in assumptions generally cannot be extrapolated because the relationship of the change in assumptions to the change in fair value may not be linear. Also, the effect of a variation in a particular assumption on the fair value is calculated without changing any other assumption. In reality, changes in one factor may result in changes in another (e.g., increased market interest rates may result in lower prepayments and increased credit losses) that could magnify or counteract the sensitivities. Further, these sensitivities show only the change in the asset balances and do not show any expected change in the fair value of the instruments used to manage the interest rates and prepayment risks associated with these assets.

Risk Mitigation Activities

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

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Change in estimated fair value of mortgage servicing rights	$(253)	$(1,212)	$(654)	$(1,327)
Change in fair value of derivative financial instruments	387	741	724	664
Servicing asset valuation and hedge activities, net	$134	$(471)	$70	$(663)

Mortgage Servicing Fees

The components of mortgage servicing fees were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Contractual servicing fees, net of guarantee fees and including subservicing	$59	$241	$446	$743
Late fees	3	11	28	49
Ancillary fees	3	44	57	115

Total mortgage servicing fees	$65	$296	$531	$907

Mortgage Servicing Advances

In connection with our primary Mortgage servicing activities (i.e., servicing of mortgage loans), we make certain payments for property taxes and insurance premiums, default and property maintenance payments, as well as advances of principal and interest payments before collecting them from individual borrowers. Servicing advances including contractual interest, are priority cash flows in the event of a loan principal reduction or foreclosure and ultimate liquidation of the real estate-owned property, thus making their collection reasonably assured. These servicing advances are included in other assets on the Condensed Consolidated Balance Sheet and totaled $76 million and $1.9 billion at September 30, 2012, and December 31, 2011, respectively. We maintain an allowance for uncollected primary servicing advances of $1 million and $43 million at September 30, 2012, and December 31, 2011, respectively. Our potential obligation is influenced by the loan's performance and credit quality.

When we acted as a subservicer of mortgage loans we performed the responsibilities of a primary servicer but did not own the corresponding primary servicing rights. We received a fee from the primary servicer for such services. As the subservicer, we had the same responsibilities of a primary servicer in that we made certain payments of property taxes and insurance premiums, default and property maintenance, as well as advances of principal and interest payments before collecting them from individual borrowers. At September 30, 2012, and December 31, 2011, outstanding servicer advances related to subserviced loans were $0 million and $125 million, respectively, and we had a reserve for uncollected subservicer advances of $0 million and $1 million, respectively.

In many cases, where we acted as master servicer, we also acted as primary servicer. In connection with our master-servicing activities, we serviced the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages sold to investors. As the master servicer, we collected mortgage loan payments from primary servicers and distributed those funds to investors in the mortgage-backed and mortgage-related asset-backed securities and whole-loan packages. As the master servicer, we were required to advance scheduled payments to the securitization trust or whole-loan investors. To the extent the primary servicer does not advance the payments, we were responsible for advancing the payment to the trust or whole-loan investors. Master-servicing advances, including contractual interest, are priority cash flows in the event of a default, thus making their collection reasonably assured. In most cases, we were required to advance these payments to the point of liquidation of the loan or reimbursement of the trust or whole-loan investors. We had outstanding master-servicing advances of $0 million and $158 million at September 30, 2012, and December 31, 2011, respectively. We had no reserve for uncollected master-servicing advances at September 30, 2012, or December 31, 2011.

Serviced Mortgage Assets

Total serviced mortgage assets consist of primary servicing activities. These include loans owned by Ally Bank, where Ally Bank is the primary servicer, and loans sold to third-party investors, where Ally Bank has retained primary servicing. Loans owned by Ally Bank are categorized as loans held-for-sale or consumer finance receivables and loans which are discussed in further detail in Note 7 and Note 8, respectively. The loans sold to third-party investors were sold through off-balance sheet GSE securitization transactions.

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

($ in millions)	September 30, 2012 (a)	December 31, 2011
On-balance sheet mortgage loans		
Held-for-sale and investment	$10,208	$18,871
Operations held-for-sale	—	541
Off-balance sheet mortgage loans		
Loans sold to third-party investors		
Private-label	—	50,886
GSEs	122,892	262,868
Whole-loan	8	15,105
Purchased servicing rights	—	3,247
Operations held-for-sale	—	4,912
Total primary serviced mortgage loans	133,108	356,430
Subserviced mortgage loans	—	26,358

Subserviced operations held-for-sale	—	4
Total subserviced mortgage loans	—	26,362
Master-servicing-only mortgage loans	—	8,557
Total serviced mortgage loans	$133,108	$391,349

(a) The remaining balances were at Ally Bank, due to the deconsolidation of ResCap. Ally Bank announced that it has begun to explore strategic alternatives for its agency MSR portfolio. Refer to Note 1 for more information.

Ally Bank is subject to certain net worth requirements associated with its servicing agreements with Fannie Mae and Freddie Mac. The majority of Ally Bank's serviced mortgage assets are subserviced by GMAC Mortgage, LLC (GMACM), a subsidiary of ResCap, pursuant to a servicing agreement. GMACM is required to maintain certain servicer ratings in accordance with master agreements with the GSEs, which are highly correlated with GMACM's consolidated tangible net worth and overall financial strength. At September 30, 2012, Ally Bank was in compliance with the requirements of the servicing agreements.

Automobile Servicing Activities

We service consumer automobile contracts. Historically, we have sold a portion of our consumer automobile contracts. With respect to contracts we sell, we retain the right to service and earn a servicing fee for our servicing function. Typically, we conclude that the fee we are paid for servicing consumer automobile finance receivables represents adequate compensation, and consequently, we do not recognize a servicing asset or liability. We recognized automobile servicing fees of $26 million and $86 million during the three months and nine months ended September 30, 2012, respectively, compared to $39 million and $126 million for three months and nine months ended September 30, 2011, respectively.

Automobile Serviced Assets

The total serviced automobile loans outstanding were as follows.

($ in millions)	September 30, 2012	December 31, 2011
On-balance sheet automobile loans and leases		
Consumer automobile	$70,847	$63,884
Commercial automobile	37,381	37,302
Operating leases	12,708	9,275
Operations held-for-sale	27	102
Off-balance sheet automobile loans		
Loans sold to third-party investors		
Securitizations	1,639	—
Whole-loan	7,864	12,318
Total serviced automobile loans and leases	$130,466	$122,881

12. Other Assets

The components of other assets were as follows.

($ in millions)	September 30, 2012	December 31, 2011
Property and equipment at cost	$956	$1,152
Accumulated depreciation	(618)	(787)
Net property and equipment	338	365
Fair value of derivative contracts in receivable position	4,608	5,687
Restricted cash collections for securitization trusts (a)	1,755	1,596
Collateral placed with counterparties	1,387	1,448
Restricted cash and cash equivalents	812	1,381
Cash reserve deposits held-for-securitization trusts (b)	756	838
Goodwill	520	518
Unamortized debt issuance costs	499	612
Other accounts receivable	494	1,110
Prepaid expenses and deposits	467	568

Real estate and other investments	453	385
Nonmarketable equity securities	342	419
Accrued interest and rent receivable	197	232
Interests retained in financial asset sales	165	231
Servicer advances	98	2,142
Other assets	1,045	1,209
Total other assets	$13,936	$18,741

(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.

13. Deposit Liabilities

Deposit liabilities consisted of the following.

($ in millions)	September 30, 2012	December 31, 2011
Domestic deposits		
Noninterest-bearing deposits	$2,487	$2,029
Interest-bearing deposits		
Savings and money market checking accounts	11,249	9,035
Certificates of deposit	30,773	28,540
Dealer deposits	1,333	1,769
Total domestic deposit liabilities	45,842	41,373
Foreign deposits		
Interest-bearing deposits		
Savings and money market checking accounts	1,537	1,408
Certificates of deposit	2,219	1,958
Dealer deposits	274	311
Total foreign deposit liabilities	4,030	3,677
Total deposit liabilities	$49,872	$45,050

Noninterest-bearing deposits primarily represent third-party escrows associated with our mortgage loan-servicing portfolio. The escrow deposits are not subject to an executed agreement and can be withdrawn without penalty at any time. At September 30, 2012, and December 31, 2011, certificates of deposit included $11.5 billion and $10.0 billion, respectively, of domestic certificates of deposit in denominations of $100 thousand or more.

14. Short-term Borrowings

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

	September 30, 2012			December 31, 2011		
($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Demand notes	$3,092	$—	$3,092	$2,756	$—	$2,756
Bank loans and overdrafts	718	—	718	1,613	—	1,613
Federal Home Loan Bank	—	—	—	—	1,400	1,400
Other (a)	153	1,914	2,067	146	1,765	1,911
Total short-term borrowings	$3,963	$1,914	$5,877	$4,515	$3,165	$7,680

(a) Other primarily includes nonbank secured borrowings at our International Automotive Finance operations.

15. Long-term Debt

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

	September 30, 2012			December 31, 2011		
($ in millions)	Unsecured	Secured	Total	Unsecured	Secured	Total
Long-term debt						
Due within one year (a)	$8,886	$17,052	$25,938	$11,664	$14,521	$26,185
Due after one year (b)	32,429	33,559	65,988	30,272	35,279	65,551
Fair value adjustment	1,102	—	1,102	1,058	—	1,058
Total long-term debt (c)	$42,417	$50,611	$93,028	$42,994	$49,800	$92,794

(a) Includes $7.4 billion and $7.4 billion guaranteed by the Federal Deposit Insurance Corporation (FDIC) under the Temporary Liquidity Guarantee Program (TLGP) at September 30, 2012, and December 31, 2011, respectively.
(b) Includes $2.6 billion and $2.6 billion of trust preferred securities at September 30, 2012, and December 31, 2011, respectively.
(c) Includes fair value option-elected secured long-term debt of $0 million and $830 million at September 30, 2012, and December 31, 2011, respectively. Refer to Note 22 for additional information.

The following table presents the scheduled remaining maturity of long-term debt at September 30, 2012, 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)	2012	2013	2014	2015	2016	2017 and thereafter	Fair value adjustment	Total
Unsecured								
Long-term debt	$7,895	$2,373	$5,927	$5,117	$1,513	$20,386	$1,102	$44,313
Original issue discount	(59)	(260)	(187)	(55)	(63)	(1,272)	—	(1,896)
Total unsecured	7,836	2,113	5,740	5,062	1,450	19,114	1,102	42,417
Secured								
Long-term debt	4,261	17,899	15,098	8,205	2,816	2,332	—	50,611
Total long-term debt	$12,097	$20,012	$20,838	$13,267	$4,266	$21,446	$1,102	$93,028

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

	September 30, 2012		December 31, 2011	
($ in millions)	Total	Ally Bank (a)	Total	Ally Bank (a)
Trading assets	$—	$—	$27	$—
Investment securities	401	401	780	780
Loans held-for-sale	—	—	805	—
Mortgage assets held-for-investment and lending receivables	10,025	10,025	12,197	11,188
Consumer automobile finance receivables	36,488	16,970	33,888	17,320
Commercial automobile finance receivables	21,710	16,616	20,355	14,881
Investment in operating leases, net	5,909	1,818	4,555	431
Mortgage servicing rights	902	902	1,920	1,286
Other assets	2,719	2,068	3,973	1,816
Total assets restricted as collateral (b)	$78,154	$48,800	$78,500	$47,702
Secured debt (c)	$52,525	$27,882	$52,965	$25,533

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

(b) Ally Bank has an advance agreement with the Federal Home Loan Bank of Pittsburgh (FHLB) and access to the Federal Reserve Bank Discount Window. Ally Bank had assets pledged and restricted as collateral to the FHLB and Federal Reserve Bank totaling $9.3 billion and $11.8 billion at September 30, 2012, and December 31, 2011, respectively. These assets were composed of consumer and commercial mortgage finance receivables and loans, net; consumer automobile finance receivables and loans, net; and investment securities. Under the agreement with the FHLB, Ally Bank also had assets pledged as collateral under a blanket-lien totaling $8.4 billion and $7.3 billion at September 30, 2012, and December 31, 2011, respectively. These assets were primarily composed of mortgage servicing rights; consumer and commercial mortgage finance receivables and loans, net; and other assets. Availability under these programs is generally only for the operations of Ally Bank and cannot be used to fund the operations or liabilities of Ally or its subsidiaries.

(c) Includes $1.9 billion and $3.2 billion of short-term borrowings at September 30, 2012, and December 31, 2011, respectively.

Trust Preferred Securities

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

On March 1, 2011, the Declaration of Trust and certain other documents related to the TRUPS were amended and all the outstanding TRUPS held by Treasury were designated 8.125% Fixed Rate / Floating Rate Trust Preferred Securities, Series (Series 2 TRUPS). On March 7, 2011, Treasury sold 100% of the Series 2 TRUPS in an offering registered with the SEC. Ally did not receive any proceeds from the sale.

Each Series 2 TRUPS security has a liquidation amount of $25. Distributions are cumulative and are payable until redemption at the applicable coupon rate. Distributions are payable at an annual rate of 8.125% payable quarterly in arrears, beginning August 15, 2011, to but excluding February 15, 2016. From and including February 15, 2016, to but excluding February 15, 2040, distributions will be payable at an annual rate equal to three-month London interbank offer rate plus 5.785% payable quarterly in arrears, beginning May 15, 2016. Ally has the right to defer payments of interest for a period not exceeding 20 consecutive quarters. The Series 2 TRUPS have no stated maturity date, but

must be redeemed upon the redemption or maturity of the related debentures (Debentures), which mature on February 15, 2040. The Series 2 TRUPS are generally nonvoting, other than with respect to certain limited matters. During any period in which any Series 2 TRUPS remain outstanding but in which distributions on the Series 2 TRUPS have not been fully paid, none of Ally or its subsidiaries will be permitted to (i) declare or pay dividends on, make any distributions with respect to, or redeem, purchase, acquire or otherwise make a liquidation payment with respect to, any of Ally's capital stock or make any guarantee payment with respect thereto; or (ii) make any payments of principal, interest, or premium on, or repay, repurchase or redeem, any debt securities or guarantees that rank on a parity with or junior in interest to the Debentures with certain specified exceptions in each case.

Funding Facilities

We utilize both committed and uncommitted credit facilities. The financial institutions providing the uncommitted facilities are not contractually obligated to advance funds under them. The amounts outstanding under our various funding facilities are included on our Condensed Consolidated Balance Sheet.

As of September 30, 2012, Ally Bank had exclusive access to $8.5 billion of funding capacity from committed credit facilities. Ally Bank also has access to a $4.1 billion committed facility that is shared with the parent company. Funding programs supported by the Federal

Reserve and the FHLB, together with repurchase agreements, complement Ally Bank's private committed facilities. The total capacity in our committed funding facilities is provided by banks and other financial institutions through private transactions. The committed secured funding facilities can be revolving in nature and allow for additional funding during the commitment period, or they can be amortizing and do not allow for any further funding after the closing date. At September 30, 2012, $33.6 billion of our $43.2 billion of committed capacity was revolving. Our revolving facilities generally have an original tenor ranging from 364 days to two years. As of September 30, 2012, we had $13.3 billion of committed funding capacity from revolving facilities with a remaining tenor greater than 364 days.

Committed Funding Facilities

($ in billions)	Outstanding		Unused capacity (a)		Total capacity	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Bank funding						
Secured - U.S.	$3.8	$5.8	$4.7	$3.7	$8.5	$9.5
Nonbank funding						
Unsecured						
Automotive Finance operations — U.S.	—	—	—	0.5	—	0.5
Automotive — International	0.1	0.3	0.1	—	0.2	0.3
Secured						
Automotive — U.S. (b) (c)	8.5	4.2	8.9	10.2	17.4	14.4
Automotive — International (b)	10.2	10.1	2.8	3.0	13.0	13.1
Mortgage operations	—	0.7	—	0.5	—	1.2
Total nonbank funding	18.8	15.3	11.8	14.2	30.6	29.5
Shared capacity (d)						
U.S.	—	1.5	4.0	2.5	4.0	4.0
International	0.1	0.1	—	—	0.1	0.1
Total committed facilities	$22.7	$22.7	$20.5	$20.4	$43.2	$43.1

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

(b) Total unused capacity includes $3.1 billion as of September 30, 2012, and $4.9 billion as of December 31, 2011, from certain committed funding arrangements that are generally reliant upon the origination of future automotive receivables and that are available in 2012 and 2013.

(c) Includes the secured facilities of Ally Commercial Finance, LLC.

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

Uncommitted Funding Facilities

($ in billions)	Outstanding		Unused capacity		Total capacity	
	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011	September 30, 2012	December 31, 2011
Bank funding						
Secured — U.S.						
Federal Reserve funding programs	$—	$—	$2.0	$3.2	$2.0	$3.2
FHLB advances	4.3	5.4	0.8	—	5.1	5.4
Total bank funding	4.3	5.4	2.8	3.2	7.1	8.6
Nonbank funding						
Unsecured						
Automotive Finance operations — International	1.7	1.9	0.8	0.5	2.5	2.4
Secured						
Automotive Finance operations — International	0.1	0.1	0.1	0.1	0.2	0.2
Mortgage operations	—	—	—	0.1	—	0.1
Total nonbank funding	1.8	2.0	0.9	0.7	2.7	2.7
Total uncommitted facilities	$6.1	$7.4	$3.7	$3.9	$9.8	$11.3

16. Accrued Expenses and Other Liabilities

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

($ in millions)	September 30, 2012	December 31, 2011
Fair value of derivative contracts in payable position	$4,711	$5,367
Collateral received from counterparties	942	1,410
Accounts payable	876	1,178
ResCap settlement accrual (a)	750	—
Employee compensation and benefits	607	649
GM payable, net	368	228
Non-income tax payable	283	296
Current income tax payable	235	200
Reserve for mortgage representation and warranty obligation	127	825
Deferred revenue	119	86
Deferred income tax liability	95	111
Loan repurchase liabilities	—	2,387
Other liabilities	849	1,347
Total accrued expenses and other liabilities	$9,962	$14,084

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

17. Equity

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

	September 30, 2012	December 31, 2011
Mandatorily convertible preferred stock held by U.S. Department of Treasury		
Series F-2 preferred stock (a)		
Carrying value ($ in millions)	$5,685	$5,685
Par value (per share)	0.01	0.01
Liquidation preference (per share)	50	50
Number of shares authorized	228,750,000	228,750,000
Number of shares issued and outstanding	118,750,000	118,750,000
Dividend/coupon	9 %	9 %
Redemption/call feature	Perpetual (b)	Perpetual (b)
Preferred stock		
Series A preferred stock		
Carrying value ($ in millions)	$1,021	$1,021
Par value (per share)	0.01	0.01
Liquidation preference (per share)	25	25
Number of shares authorized	160,870,560	160,870,560
Number of shares issued and outstanding	40,870,560	40,870,560
Dividend/coupon		
Prior to May 15, 2016	8.5 %	8.5 %
On and after May 15, 2016	three month LIBOR + 6.243%	three month LIBOR + 6.243%
Redemption/call feature	Perpetual (c)	Perpetual (c)
Series G preferred stock (d)		
Carrying value ($ in millions)	$234	$234
Par value (per share)	0.01	0.01
Liquidation preference (per share)	1,000	1,000
Number of shares authorized	2,576,601	2,576,601
Number of shares issued and outstanding	2,576,601	2,576,601
Dividend/coupon	7 %	7 %
Redemption/call feature	Perpetual (e)	Perpetual (e)

(a) Mandatorily convertible to common equity on December 30, 2016.
(b) Convertible prior to mandatory conversion date with consent of Treasury.
(c) Nonredeemable prior to May 15, 2016.
(d) Pursuant to a registration rights agreement, we are required to maintain an effective shelf registration statement. In the event we fail to meet this obligation, we may be required to pay additional interest to the holders of the Series G Preferred Stock.
(e) Redeemable beginning at December 31, 2011.

18. Earnings per Common Share

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions except per share data)	2012	2011	2012	2011
Net income (loss) from continuing operations	$390	$(199)	$(172)	$78
Preferred stock dividends — U.S. Department of Treasury	(134)	(133)	(401)	(400)
Preferred stock dividends	(67)	(66)	(200)	(194)
Impact of preferred stock amendment (a)	—	—	—	32
Net income (loss) from continuing operations attributable to common shareholders (b)	189	(398)	(773)	(484)
Loss from discontinued operations, net of tax	(6)	(11)	(32)	(29)
Net income (loss) attributable to common shareholders	$183	$(409)	$(805)	$(513)
Basic weighted-average common shares outstanding	1,330,970	1,330,970	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (b)	1,330,970	1,330,970	1,330,970	1,330,970
Basic earnings per common share				
Net income (loss) from continuing operations	$142	$(299)	$(581)	$(364)
Loss from discontinued operations, net of tax	(5)	(8)	(24)	(22)
Net income (loss)	$137	$(307)	$(605)	$(386)
Diluted earnings per common share (b)				
Net income (loss) from continuing operations	$142	$(299)	$(581)	$(364)
Loss from discontinued operations, net of tax	(5)	(8)	(24)	(22)
Net income (loss)	$137	$(307)	$(605)	$(386)

(a) Refer to Note 20 to the Consolidated Financial Statements in our 2011 Annual Report on Form 10-K for further detail.

(b) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net loss attributable to common shareholders for the nine months ended September 30, 2012, and the three months and nine months ended September 30, 2011, respectively, income (loss) attributable to common shareholders and basic weighted-average common shares outstanding were used to calculate basic and diluted earnings per share.

The effects of converting the outstanding Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares are not included in the diluted earnings per share calculation for the three months and nine months ended September 30, 2012 and 2011, respectively, as the effects would be antidilutive for those periods. As such, 574 thousand of potential common shares were excluded from the diluted earnings per share calculation for the three months and nine months ended September 30, 2012, and 2011, respectively.

19. Regulatory Capital

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

The risk-based capital ratios are determined by allocating assets and specified off-balance sheet financial instruments into several broad risk categories with higher levels of capital being required for the categories that present greater risk. Under the guidelines, total capital is divided into two tiers: Tier 1 capital and Tier 2 capital. Tier 1 capital generally consists of common equity, minority interests, qualifying noncumulative preferred stock, and the fixed rate cumulative preferred stock sold to Treasury under the Troubled Asset Relief Program (TARP), less goodwill and other adjustments. Tier 2 capital generally consists of perpetual preferred stock not qualifying as Tier 1 capital, limited amounts of subordinated debt and the allowance for loan losses, and other adjustments. The amount of Tier 2 capital may not exceed the amount of Tier 1 capital.

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

The federal banking regulators also have established minimum leverage ratio guidelines. The leverage ratio is defined as Tier 1 capital

divided by adjusted quarterly average total assets (which reflect adjustments for disallowed goodwill and certain intangible assets). The minimum Tier 1 leverage ratio is 3% or 4% depending on factors specified in the regulations.
A banking institution meets the regulatory definition of "well-capitalized" when its Total risk-based capital ratio equals or exceeds 10% and its Tier 1 risk-based capital ratio equals or exceeds 6%; and for insured depository institutions, when its leverage ratio equals or exceeds 5%, unless subject to a regulatory directive to maintain higher capital levels.
The banking regulators have also developed a measure of capital called "Tier 1 common" defined as Tier 1 capital less noncommon elements, including qualifying perpetual preferred stock, minority interest in subsidiaries, trust preferred securities, and mandatory convertible preferred securities. Tier 1 common is used by banking regulators, investors and analysts to assess and compare the quality and composition of Ally's capital with the capital of other financial services companies. Also, bank holding companies with assets of $50 billion or more, such as Ally, must develop and maintain a capital plan annually, and among other elements, the capital plan must include a discussion of how we will maintain a pro forma Tier 1 common ratio (Tier 1 common to risk-weighted assets) above 5% under expected conditions and certain stressed scenarios.
On October 29, 2010, Ally, IB Finance Holding Company, LLC, Ally Bank, and the FDIC entered into a Capital and Liquidity Maintenance Agreement (CLMA). The CLMA requires capital at Ally Bank to be maintained at a level such that Ally Bank's leverage ratio is at least 15%. For this purpose, the leverage ratio is determined in accordance with the FDIC's regulations related to capital maintenance.
The following table summarizes our capital ratios.

	September 30, 2012		December 31, 2011		Required	Well-capitalized
($ in millions)	Amount	Ratio	Amount	Ratio	minimum	minimum
Risk-based capital						
Tier 1 (to risk-weighted assets)						
Ally Financial Inc.	$20,503	13.64 %	$21,158	13.71 %	4.00 %	6.00%
Ally Bank	13,812	16.98	12,953	17.42	4.00	6.00
Total (to risk-weighted assets)						
Ally Financial Inc.	$21,994	14.63 %	$22,755	14.75 %	8.00 %	10.00%
Ally Bank	14,640	18.00	13,675	18.40	8.00	10.00
Tier 1 leverage (to adjusted quarterly average assets) (a)						
Ally Financial Inc.	$20,503	11.29 %	$21,158	11.50 %	3.00–4.00%	(b)
Ally Bank	13,812	15.47	12,953	15.50	15.00 (c)	5.00%
Tier 1 common (to risk-weighted assets)						
Ally Financial Inc.	$11,020	7.33 %	$11,676	7.57 %	n/a	n/a
Ally Bank	n/a	n/a	n/a	n/a	n/a	n/a

n/a = not applicable
(a) Federal regulatory reporting guidelines require the calculation of adjusted quarterly average assets using a daily average methodology.
(b) There is no Tier 1 leverage component in the definition of a well-capitalized bank holding company.
(c) Ally Bank, in accordance with the CLMA, is required to maintain a Tier 1 leverage ratio of at least 15%.
At September 30, 2012, Ally and Ally Bank were "well-capitalized" and met all capital requirements to which each was subject.
Basel Capital Accord
In June 2012, the U.S. federal banking agencies released three notices of proposed rulemaking (NPRs) and a Market Risk Final Rule. The three NPRs represent substantial revisions to the regulatory capital rules for banking organizations. If adopted, as proposed, these NPRs would incorporate the international Basel III capital framework, as

well as implement certain provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act). On August 8, 2012, the federal banking agencies extended the public comment period on the NPRs to October 22, 2012.

Highlights of the NPRs include a revised definition of capital in order to implement the Basel III reforms as well as higher minimum capital ratios that will apply to most banking organizations and would be phased in between 2013 and 2019 consistent with the Basel Committee's international implementation time line. The NPRs remove the use of credit ratings from both the standardized and advanced approaches, as required by the Dodd-Frank Act. In addition, the standards in the existing Basel I risk-based capital rules, which the NPRs refer to as the “general risk-based capital requirements,” would be revised, effective January 1, 2015, to include a more risk-sensitive risk-weighting approach.

The Market Risk Final Rule that amends the calculation of market risk capital only applies to banking organizations with significant trading assets and liabilities. We do not currently meet the qualifications; accordingly, this rule is not currently applicable to us.

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

20. Derivative Instruments and Hedging Activities

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

Interest Rate Risk

We execute interest rate swaps to modify our exposure to interest rate risk by converting certain fixed-rate instruments to a variable-rate and certain variable-rate instruments to a fixed rate. We monitor our mix of fixed- and variable-rate debt in relation to the rate profile of our assets. When it is cost-effective to do so, we may enter into interest rate swaps to achieve our desired mix of fixed- and variable-rate debt. Derivatives qualifying for hedge accounting consist of fixed-rate debt obligations in which receive-fixed swaps are designated as hedges of specific fixed-rate debt obligations. Other derivatives qualifying for hedge accounting consist of an existing variable-rate liability in which pay-fixed swaps are designated as hedges of the expected future cash flows in the form of interest payments on the outstanding borrowing associated with Ally Bank's secured floating-rate credit facility.

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

- MSRs and retained interests — Our MSRs and retained interest portfolios are generally subject to loss in value when mortgage rates decline. Declining mortgage rates generally result in an increase in refinancing activity that increases prepayments and results in a decline in the value of MSRs and retained interests. To mitigate the impact of this risk, we maintain a portfolio of financial instruments, primarily derivative instruments that increase in value when interest rates decline. The primary objective is to minimize the overall risk of loss in the value of MSRs and retained interests due to the change in fair value caused by interest rate changes.

We may use a multitude of derivative instruments to manage the interest rate risk related to MSRs and retained interests. They include, but are not limited to, interest rate futures contracts, call or put options on U.S. Treasuries, swaptions, forward sales of MBS, futures, U.S. Treasury futures, interest rate swaps, interest rate floors, and interest rate caps. We monitor and actively manage our risk on a daily basis.

- Mortgage loan commitments and mortgage and automobile loans held-for-sale — We are exposed to interest rate risk from the time an interest rate lock commitment (IRLC) is made until the time the mortgage loan is sold. Changes in interest rates impact the market price for our loans; as market interest rates decline, the value of existing IRLCs and loans held-for-sale increase and vice versa. Our primary objective in risk management activities related to IRLCs and mortgage loans held-for-sale is to eliminate or greatly reduce any interest rate risk associated with these items.

The primary derivative instrument we use to accomplish the risk management objective for mortgage loans and IRLCs is forward sales of MBS, primarily Fannie Mae or Freddie Mac to-be-announced securities. These instruments typically are entered into at the time the IRLC is made. The value of the forward sales contracts moves in the opposite direction of the value of our IRLCs and mortgage loans held-for-sale. We also use other derivatives, such as interest rate swaps, options, and futures, to economically hedge automobile loans held-for-sale and certain portions of the mortgage portfolio. Nonderivative instruments, such as short positions of U.S. Treasuries, may also be periodically used to economically hedge the mortgage portfolio.

- Debt — With the exception of a portion of our fixed-rate debt and a portion of our outstanding floating-rate borrowing associated with Ally Bank's secured floating-rate credit facility, we do not apply hedge accounting to our derivative portfolio held to mitigate interest rate risk associated with our debt portfolio. Typically, the significant terms of the

interest rate swaps match the significant terms of the underlying debt resulting in an effective conversion of the rate of the related debt.

- Other — We enter into futures, options, and swaptions to economically hedge our net fixed versus variable interest rate exposure. We also enter into equity options to economically hedge our exposure to the equity markets.

Foreign Currency Risk

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

Our foreign subsidiaries maintain both assets and liabilities in local currencies; these local currencies are generally the subsidiaries' functional currencies for accounting purposes. Foreign-currency exchange-rate gains and losses arise when the assets or liabilities of our

subsidiaries are denominated in currencies that differ from its functional currency. In addition, our equity is impacted by the cumulative translation adjustments resulting from the translation of foreign subsidiary results; this impact is reflected in our accumulated other comprehensive income (loss). We enter into foreign-currency forwards and option-based contracts with external counterparties to hedge foreign exchange exposure on our net investments in foreign subsidiaries. In March 2011, we elected to dedesignate all of our existing net investment hedge relationships and changed our method of measuring hedge effectiveness from the spot method to the forward method for new hedge relationships entered into prospectively. For the net investment hedges that were designated under the spot method up until dedesignation date, the hedges were recorded at fair value with changes recorded to accumulated other comprehensive income (loss) with the exception of the spot to forward difference that was recorded to earnings. For current net investment hedges designated under the forward method, the hedges are recorded at fair value with the changes recorded to accumulated other comprehensive income (loss) including the spot to forward difference. The net derivative gain or loss remains in accumulated other comprehensive income (loss) until earnings are impacted by the sale or the liquidation of the associated foreign operation.

We also have a centralized-lending program to manage liquidity for all of our subsidiary businesses. 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 foreign-currency derivatives are recorded at fair value with changes recorded as income offsetting the gains and losses on the associated foreign-currency transactions.

We also periodically purchase nonfunctional currency denominated investment securities and enter into foreign currency forward contracts with external counterparties to hedge against changes in the fair value of the securities, through maturity, due to changes in the related foreign-currency exchange rate. The foreign-currency forward contracts are recorded at fair value with changes recorded to earnings. The changes in value of the securities due to changes in foreign-currency exchange rates are also recorded to earnings. In the case of securities classified as available-for-sale, any changes in fair value due to unhedged risks are recorded to accumulated other comprehensive income.

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

Counterparty Credit Risk

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

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

Certain derivative instruments contain provisions that require us to either post additional collateral or immediately settle any outstanding liability balances upon the occurrence of a specified credit risk-related event. If a credit

risk-related event had been triggered the amount of additional collateral required to be posted by us would have been insignificant.
We placed cash and securities collateral totaling $1.4 billion and $1.4 billion at September 30, 2012, and December 31, 2011, respectively, in accounts maintained by counterparties. We received cash collateral from counterparties totaling $942 million and $1.4 billion at September 30, 2012, and December 31, 2011, respectively. The receivables for collateral placed and the payables for collateral received are included on our Condensed Consolidated Balance Sheet in other assets and accrued expenses and other liabilities, respectively. In certain circumstances, we receive or post securities as collateral with counterparties. We do not record such collateral received on our Condensed Consolidated Balance Sheet unless certain conditions are met. At September 30, 2012, and December 31, 2011, we received noncash collateral of $54 million and $43 million, respectively.

Balance Sheet Presentation

The following table summarizes the fair value amounts of derivative instruments reported on our Condensed Consolidated Balance Sheet. The fair value amounts are presented on a gross basis, are segregated by derivatives that are designated and qualifying as hedging instruments or those that are not, and are further segregated by type of contract within those two categories. At September 30, 2012, $4.6 billion of the derivative contracts in a receivable position were classified as other assets on the Condensed Consolidated Balance Sheet. At December 31, 2011, $5.7 billion and $14 million of the derivative contracts in a receivable position were classified as other assets and trading assets, respectively, on the Condensed Consolidated Balance Sheet. At September 30, 2012, $4.7 billion of derivative contracts in a liability position were classified as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet. At December 31, 2011, $5.4 billion of derivative contracts in a liability position and $12 million of trading derivatives were both classified as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet.

($ in millions)	September 30, 2012			December 31, 2011		
	Derivative contracts in a		Notional amount	Derivative contracts in a		Notional amount
	receivable position (a)	payable position (b)		receivable position (a)	payable position (b)	
Derivatives qualifying for hedge accounting						
Interest rate risk						
Fair value accounting hedges	$457	$—	$7,218	$289	$4	$8,398
Cash flow accounting hedges	—	13	2,580	4	—	3,000
Total interest rate risk	457	13	9,798	293	4	11,398
Foreign exchange risk						
Net investment accounting hedges	14	119	7,529	123	54	8,208
Total derivatives qualifying for hedge accounting	471	132	17,327	416	58	19,606
Economic hedges and trading derivatives						
Interest rate risk						
MSRs and retained interests	3,801	4,268	308,658	4,812	5,012	523,037
Mortgage loan commitments and mortgage loans held-for-sale	150	119	14,370	95	107	24,950
Debt	52	74	23,777	81	54	25,934
Other	131	44	38,741	160	101	42,142
Total interest rate risk	4,134	4,505	385,546	5,148	5,274	616,063
Foreign exchange risk	3	74	4,381	137	47	7,569
Total economic hedges and trading derivatives	4,137	4,579	389,927	5,285	5,321	623,632
Total derivatives	$4,608	$4,711	$407,254	$5,701	$5,379	$643,238

(a) Includes accrued interest of $248 million and $459 million at September 30, 2012, and December 31, 2011, respectively.

(b) Includes accrued interest of $271 million and $458 million at September 30, 2012, and December 31, 2011, respectively.

Statement of Comprehensive Income Presentation

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2012	2011	2012	2011
Derivatives qualifying for hedge accounting				
Gain recognized in earnings on derivatives (a)				
Interest rate contracts				
Interest on long-term debt	$17	$706	$214	$821
Loss recognized in earnings on hedged items (b)				
Interest rate contracts				
Interest on long-term debt	(33)	(677)	(238)	(786)
Total derivatives qualifying for hedge accounting	(16)	29	(24)	35
Economic and trading derivatives				
(Loss) gain recognized in earnings on derivatives				
Interest rate contracts				
Interest on long-term debt	—	—	(3)	(1)
Servicing asset valuation and hedge activities, net	387	741	725	664
Gain (loss) on mortgage and automotive loans, net	28	(425)	(68)	(646)
Other gain on investments, net	—	—	—	—
Other income, net of losses	(7)	(41)	(38)	(74)
Other operating expenses	—	—	—	—
Total interest rate contracts	408	275	616	(57)
Foreign exchange contracts (c)				
Interest on long-term debt	(37)	41	(49)	103
Other income, net of losses	(53)	111	(28)	(11)
Other operating expenses	—	(6)	2	(16)
Total foreign exchange contracts	(90)	146	(75)	76
Gain recognized in earnings on derivatives	$302	$450	$517	$54

(a) 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 $29 million and $64 million for the three months ended September 30, 2012 and 2011, respectively, and $88 million and $231 million for the nine months ended September 30, 2012 and 2011, respectively.

(b) Amounts exclude gains related to amortization of deferred basis adjustments on the hedged items. The gains were $57 million and $49 million for the three months ended September 30, 2012 and 2011, respectively, and $181 million and $162 million for the nine months ended September 30, 2012 and 2011, respectively.

(c) Amounts exclude gains and losses related to the revaluation of the related foreign-denominated debt or receivable. Gains of $92 million and losses of $157 million were recognized for the three months ended September 30, 2012 and 2011, respectively. Gains of $66 million and losses of $105 million were recognized for the nine months ended September 30, 2012 and 2011, respectively.

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

($ in millions)	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Cash flow hedges				
Interest rate contracts				
Gain reclassified from accumulated other comprehensive income to interest on long-term debt	$1	$—	$1	$—
Loss recorded directly to interest on long-term debt	(1)	(1)	(6)	—
Total interest on long-term debt	$—	$(1)	$(5)	$—
Loss recognized in other comprehensive income	$(6)	$(7)	$(8)	$(4)
Net investment hedges				
Foreign exchange contracts				
Loss reclassified from accumulated other comprehensive income to other income, net of losses	$—	$(3)	$(1)	$(8)
Loss recorded directly to other income, net of losses (a)	—	—	—	(3)
Total other income, net of losses	$—	$(3)	$(1)	$(11)
(Loss) gain recognized in other comprehensive income (b)	$(327)	$432	$(281)	$206

(a) The amounts represent the forward points excluded from the assessment of hedge effectiveness.

(b) The amounts represent the effective portion of net investment hedges. There are offsetting amounts recognized in accumulated other comprehensive income related to the revaluation of the related net investment in foreign operations. There were gains of $317 million and losses of $446 million for the three months ended September 30, 2012 and 2011, respectively. There were gains of $269 million and losses of $237 million for the nine months ended September 30, 2012 and 2011, respectively.

21. Income Taxes

We recognized total income tax expense from continuing operations of $93 million and $172 million during the three months and nine months ended September 30, 2012, respectively, compared to $93 million and $106 million for the same periods in 2011. Income tax expense resulted primarily from tax expense attributable to profitable foreign entities.

Our U.S. net deferred tax assets continue to be offset fully by a valuation allowance, and as such, we continue to experience a significant variation in the customary relationship between income tax expense and pretax accounting income. As discussed in Note 1, during the nine months ended September 30, 2012, we incurred material U.S. pretax charges related to the Debtors' Bankruptcy filing. No net tax benefit was currently recognized on these charges due to an offsetting increase in the valuation allowance. This was partially offset by a $23 million reversal of a valuation allowance on net deferred tax assets in our Italian subsidiary.

As discussed in Note 1, on May 14, 2012, we deconsolidated ResCap for financial reporting purposes. For U.S. federal tax purposes, however, ResCap will continue to be included in our consolidated return filing until ultimate disposition of our ownership in ResCap. Under the proposed Bankruptcy Plan and given that the Debtors are disregarded entities for U.S. tax purposes, we do not anticipate a reduction to our net deferred tax assets as a result of the Bankruptcy filing.

We assessed by tax jurisdiction the available positive and negative evidence to estimate if sufficient future taxable income of the appropriate character will be generated to utilize the existing deferred tax assets. A significant piece of objective negative evidence evaluated for certain tax jurisdictions that have legal entities with net deferred tax assets was the cumulative loss incurred over the three-year period ended September 30, 2012. The weight of the negative evidence stemming from U.S. cumulative losses in recent years continues to decrease as losses incurred during 2009

become more distant, and our more recent profitability in the United States continues. Furthermore, based on current projections, we expect to be in a cumulative profit position in the United States for the three-year period ending December 31, 2012. This would represent a significant change in the available evidence in the United States as compared to September 30, 2012. As a result, it is likely we will reverse a material portion of our U.S. valuation allowance in the fourth quarter of 2012, which would favorably affect net income and equity in that period. The portion of the U.S. valuation allowance that likely will be retained relates primarily to deferred tax assets associated with capital loss and foreign tax credit carry forwards.

22. Fair Value

Fair Value Measurements

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

GAAP specifies a three-level hierarchy that is used when measuring and disclosing fair value. The fair value hierarchy gives the highest

priority to quoted prices available in active markets (i.e., observable inputs) and the lowest priority to data lacking transparency (i.e., unobservable inputs). An instrument's categorization within the fair value hierarchy is based on the lowest level of significant input to its valuation. The following is a description of the three hierarchy levels.

Level 1	Inputs are quoted prices in active markets for identical assets or liabilities at the measurement date. Additionally, the entity must have the ability to access the active market, and the quoted prices cannot be adjusted by the entity.
Level 2	Inputs are other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices in active markets for similar assets or liabilities; quoted prices in inactive markets for identical or similar assets or liabilities; or inputs that are observable or can be corroborated by observable market data by correlation or other means for substantially the full term of the assets or liabilities.
Level 3	Unobservable inputs are supported by little or no market activity. The unobservable inputs represent management's best assumptions of how market participants would price the assets or liabilities. Generally, Level 3 assets and liabilities are valued using pricing models, discounted cash flow methodologies, or similar techniques that require significant judgment or estimation.
Transfers	Transfers into or out of any hierarchy level are recognized at the end of the reporting period in which the transfer occurred. There were no transfers between any levels during the nine months ended September 30, 2012.

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.

- Trading assets (excluding derivatives) — Trading assets were recorded at fair value. Our portfolio included MBS (including senior and subordinated interests) that were either investment-grade, noninvestment grade, or unrated securities. Valuations were primarily based on internally developed discounted cash flow models (an income approach) that used assumptions consistent with current market conditions. The valuation considered recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilized 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).
- Available-for-sale securities — Available-for-sale securities are carried at fair value based on observable market prices, when available. If observable market prices are not available, our valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate and consider recent market transactions, experience with similar securities, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we are required to utilize various significant assumptions including market observable inputs (e.g., forward interest rates) and internally developed inputs (including prepayment speeds, delinquency levels, and credit losses).
- Mortgage loans held-for-sale, net — Our mortgage loans held-for-sale are accounted for at either fair value because of fair value option elections or they were accounted for at the lower-of-cost or fair value. Mortgage loans held-for-sale are typically pooled together and sold into certain exit markets depending on underlying attributes of the loan, such as GSE eligibility, product type, interest rate, and credit quality. Two valuation methodologies are used to determine the fair value of mortgage loans held-for-sale. The methodology used depends on the exit market as described below.

Level 2 mortgage loans — This includes all GSE-eligible mortgage loans carried at fair value due to fair value option election, which are valued predominantly using published forward agency prices. It also includes any domestic loans and foreign 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.

Level 3 mortgage loans — This included all conditional repurchase option loans carried at fair value due to the fair value option election and all GSE-ineligible residential mortgage loans that were accounted for at the lower-of-cost or fair

value. The fair value of these residential mortgage loans were determined using internally developed valuation models because observable market prices were not available. The loans were priced on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilized prepayment, default, and discount rate assumptions. To the extent available, we utilized market observable inputs such as interest rates and market spreads. If market observable inputs were not available, we were required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates.

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

- Consumer mortgage finance receivables and loans, net — We elected the fair value option for certain consumer mortgage finance receivables and loans. The elected mortgage loans collateralized on-balance sheet securitization debt in which we estimated credit reserves pertaining to securitized assets that could have exceeded or already had exceeded our economic exposure. We also elected the fair value option for all mortgage securitization trusts required to be consolidated. The elected mortgage loans represented a portion of the consumer finance receivables and loans. The balance for which the fair value option was not elected was reported on

the balance sheet at the principal amount outstanding, net of charge-offs, allowance for loan losses, and premiums or discounts.
The loans were measured at fair value using a portfolio approach. The objective in fair valuing the loans and related securitization debt was to account properly for our retained economic interest in the securitizations. As a result of reduced liquidity in capital markets, values of both these loans and the securitized bonds were expected to be volatile. Since this approach involved the use of significant unobservable inputs, we classified all the mortgage loans elected under the fair value option as Level 3. Refer to the section within this note titled Fair Value Option of Financial Assets and Financial Liabilities for additional information.

- MSRs — MSRs are classified as Level 3 because they currently do not trade in an active market with observable prices; therefore, we use internally developed discounted cash flow models (an income approach) to estimate the fair value. These internal valuation models estimate net cash flows based on internal operating assumptions that we believe would be used by market participants in orderly transactions combined with market-based assumptions for loan prepayment rates, interest rates, and discount rates that we believe approximate yields required by investors in this asset. Cash flows primarily include servicing fees, float income, and late fees in each case less operating costs to service the loans. The estimated cash flows are discounted using an option-adjusted spread-derived discount rate.
- Interests retained in financial asset sales — The interests retained are in securitization trusts and deferred purchase prices on the sale of whole-loans. Due to inactivity in the market, valuations are based on internally developed discounted cash flow models (an income approach) that use a market-based discount rate; therefore, we classified these assets as Level 3. The valuation considers recent market transactions, experience with similar assets, current business conditions, and analysis of the underlying collateral, as available. To estimate cash flows, we utilize various significant assumptions, including market observable inputs (e.g., forward interest rates) and internally developed inputs (e.g., prepayment speeds, delinquency levels, and credit losses).
- Derivative instruments — We enter into a variety of derivative financial instruments as part of our risk management strategies. Certain of these derivatives are exchange traded, such as Eurodollar futures. To determine the fair value of these instruments, we utilize the quoted market prices for the particular derivative contracts; therefore, we classified these contracts as Level 1.

We also execute over-the-counter derivative contracts, such as interest rate swaps, swaptions, forwards, caps, floors, and agency to-be-announced securities. We utilize third-party-developed valuation models that are widely accepted in the market to value these over-the-counter derivative contracts. The specific terms of the contract and market observable inputs (such as interest rate forward curves and interpolated volatility assumptions) are used in the model. We classified these over-the-counter derivative contracts as Level 2 because all significant inputs into these models were market observable.
We also hold certain derivative contracts that are structured specifically to meet a particular hedging objective. These derivative contracts often are utilized to hedge risks inherent within certain on-balance sheet securitizations. To hedge risks on particular bond classes or securitization collateral, the derivative's notional amount is often indexed to the hedged item. As a result, we typically are required to use internally developed prepayment assumptions as an input into the model to forecast future notional amounts on these structured derivative contracts. Accordingly, we classified these derivative contracts as Level 3.
We are required to consider all aspects of nonperformance risk, including our own credit standing, when measuring fair value of a liability. We reduce credit risk on the majority of our derivatives by entering into legally enforceable agreements that enable the posting and receiving of collateral associated with the fair value of our derivative positions on an ongoing basis. In the event that we do not enter into legally enforceable agreements that enable the posting and receiving of collateral, we will consider our credit risk and the credit risk of our counterparties in the valuation of derivative instruments through a credit valuation adjustment (CVA), if warranted. The CVA calculation utilizes our credit default swap spreads and the spreads of the counterparty.

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On-balance sheet securitization debt — We elected the fair value option for certain mortgage loans held-for-investment and the related on-balance sheet securitization debt. We valued securitization debt that was elected pursuant to the fair value option and any economically retained positions using market observable prices whenever possible. The securitization debt was principally in the form of asset- and MBS collateralized by the underlying mortgage loans held-for-investment. Due to the attributes of the underlying collateral and current market conditions, observable prices for these instruments were typically not available. In these situations, we considered observed transactions as Level 2 inputs in our discounted cash flow models. Additionally, the discounted cash flow models utilized other market observable inputs, such as interest rates, and internally derived inputs including prepayment speeds, credit losses, and discount rates. Fair value option-elected financing securitization debt was classified as Level 3 as a result of the reliance on significant assumptions and estimates for model inputs. Refer to the section within this note titled Fair Value Option for Financial Assets and Financial Liabilities for further information about the election. The debt that was not elected under the fair value option is reported on the balance sheet at cost, net of premiums or discounts and issuance costs.

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

	Recurring fair value measurements			
September 30, 2012 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	$690	$668	$—	$1,358
Foreign government	453	367	—	820
Mortgage-backed residential	—	6,374	—	6,374
Asset-backed	—	2,354	57	2,411
Corporate debt securities	—	1,404	—	1,404
Other debt securities	—	333	—	333
Total debt securities	1,143	11,500	57	12,700
Equity securities (a)	1,070	—	—	1,070
Total available-for-sale securities	2,213	11,500	57	13,770
Mortgage loans held-for-sale, net (b)	—	1,927	—	1,927
Mortgage servicing rights	—	—	902	902
Other assets				
Interests retained in financial asset sales	—	—	165	165
Derivative contracts in a receivable position				
Interest rate	40	4,393	158	4,591
Foreign currency	—	17	—	17
Total derivative contracts in a receivable position	40	4,410	158	4,608
Collateral placed with counterparties (c)	103	—	—	103
Total assets	$2,356	$17,837	$1,282	$21,475
Liabilities				
Accrued expenses and other liabilities				
Derivative contracts in a payable position				
Interest rate	$(22)	$(4,482)	$(14)	$(4,518)
Foreign currency	—	(173)	(20)	(193)
Total derivative contracts in a payable position	(22)	(4,655)	(34)	(4,711)
Total liabilities	$(22)	$(4,655)	$(34)	$(4,711)

(a) Our investment in any one industry did not exceed 22%.
(b) Carried at fair value due to fair value option elections.
(c) Represents collateral in the form of investment securities. Cash collateral was excluded.

	Recurring fair value measurements			
December 31, 2011 ($ in millions)	Level 1	Level 2	Level 3	Total
Assets				
Trading assets (excluding derivatives)				
Mortgage-backed residential securities	$—	$575	$33	$608
Investment securities				
Available-for-sale securities				
Debt securities				
U.S. Treasury and federal agencies	903	643	—	1,546
U.S. states and political subdivisions	—	1	—	1
Foreign government	427	357	—	784
Mortgage-backed residential	—	7,312	—	7,312
Asset-backed	—	2,553	62	2,615
Corporate debt securities	—	1,491	—	1,491
Other debt securities	—	327	—	327
Total debt securities	1,330	12,684	62	14,076
Equity securities (a)	1,059	—	—	1,059
Total available-for-sale securities	2,389	12,684	62	15,135
Mortgage loans held-for-sale, net (b)	—	3,889	30	3,919
Consumer mortgage finance receivables and loans, net (b)	—	—	835	835
Mortgage servicing rights	—	—	2,519	2,519
Other assets				
Interests retained in financial asset sales	—	—	231	231
Derivative contracts in a receivable position (c)				
Interest rate	79	5,274	88	5,441
Foreign currency	—	242	18	260
Total derivative contracts in a receivable position	79	5,516	106	5,701
Collateral placed with counterparties (d)	328	—	—	328
Total assets	$2,796	$22,664	$3,816	$29,276
Liabilities				
Long-term debt				
On-balance sheet securitization debt (b)	$—	$—	$(830)	$(830)
Accrued expenses and other liabilities				
Derivative contracts in a payable position (c)				
Interest rate	(32)	(5,229)	(17)	(5,278)
Foreign currency	—	(99)	(2)	(101)
Total derivative contracts in a payable position	(32)	(5,328)	(19)	(5,379)
Loan repurchase liabilities (b)	—	—	(29)	(29)
Trading liabilities (excluding derivatives)	(61)	—	—	(61)
Total liabilities	$(93)	$(5,328)	$(878)	$(6,299)

(a) Our investment in any one industry did not exceed 18%.
(b) Carried at fair value due to fair value option elections.
(c) Includes derivatives classified as trading.
(d) Represents collateral in the form of investment securities. Cash collateral was excluded.

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

September 30, 2012 ($ in millions)	Level 3 recurring measurements	Valuation technique	Unobservable input	Range
Assets				
Mortgage servicing rights	$ 902	(a)	(a)	(a)
Other assets				
Interests retained in financial asset sales	165	Discounted cash flow	Discount rate	5.4-6.1%
			Commercial paper rate	0-0.1%

(a) Refer to Note 11 for information related to MSR valuation assumptions and sensitivities.

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

(a)

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

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

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

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

	Level 3 recurring fair value measurements								
		Net realized/unrealized gains (losses)							
($ in millions)	Fair value at July 1, 2011	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2011	Net unrealized gains (losses) included in earnings still held at September 30, 2011
Assets									
Trading assets (excluding derivatives)									
Mortgage-backed residential securities	$39	$(2) (a)	$—	$—	$—	$—	$(3)	$34	$—
Investment securities									
Available-for-sale debt securities									
Mortgage-backed residential	1	—	—	—	—	—	—	1	—
Asset-backed	67	—	(3)	—	—	—	—	64	—
Total debt securities	68	—	(3)	—	—	—	—	65	—
Mortgage loans held-for-sale, net (b)	22	(1) (b)	—	14	—	—	(5)	30	(1) (b)
Consumer mortgage finance receivables and loans, net (b)	946	57 (b)	—	—	—	—	(162)	841	4 (b)
Mortgage servicing rights	3,701	(1,212) (c)	—	15	—	159	—	2,663	(1,212) (c)
Other assets									
Interests retained in financial asset sales	307	10 (d)	—	—	—	2	(22)	297	(6) (d)
Derivative contracts, net (e)									
Interest rate	87	59 (f)	—	—	—	—	(6)	140	115 (f)
Foreign currency	—	2 (f)	—	—	—	—	—	2	2 (f)
Total derivative contracts in a receivable position, net	87	61	—	—	—	—	(6)	142	117
Total assets	$5,170	$(1,087)	$(3)	$29	$—	$161	$(198)	$4,072	$(1,098)
Liabilities									
Long-term debt									
On-balance sheet securitization debt (b)	$(899)	$(82) (b)	$—	$—	$—	$—	$150	$(831)	$(50) (b)
Accrued expenses and other liabilities									
Loan repurchase liabilities (b)	(19)	1	—	(14)	—	—	4	(28)	1
Total liabilities	$(918)	$(81)	$—	$(14)	$—	$—	$154	$(859)	$(49)

(a)

The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest on trading assets in the Condensed Consolidated Statement of Comprehensive Income.

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

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

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

(e) Includes derivatives classified as trading.

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

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

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

(a) Represents the amounts transferred out of Level 3 due to the deconsolidation of ResCap. Refer to Note 1 for additional information related to ResCap.

(b) The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest on trading assets in the Condensed Consolidated Statement of Comprehensive Income.

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

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

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

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

(g) Includes derivatives classified as trading.

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

	Level 3 recurring fair value measurements								
		Net realized/unrealized gains (losses)							
($ in millions)	Fair value at Jan. 1, 2011	included in earnings	included in OCI	Purchases	Sales	Issuances	Settlements	Fair value at September 30, 2011	Net unrealized gains (losses) included in earnings still held at September 30, 2011
Assets									
Trading assets (excluding derivatives)									
Mortgage-backed residential securities	$44	$1 (a)	$—	$—	$—	$—	$(11)	$34	$8 (a)
Asset-backed securities	94	—	—	—	(94)	—	—	—	—
Total trading assets	138	1	—	—	(94)	—	(11)	34	8
Investment securities									
Available-for-sale debt securities									
Mortgage-backed residential	1	—	—	—	—	—	—	1	—
Asset-backed	—	20 (b)	14	94	(64)	—	—	64	—
Total debt securities	1	20	14	94	(64)	—	—	65	—
Mortgage loans held-for-sale, net (c)	4	(1) (c)	—	37	(1)	—	(9)	30	(1) (c)
Consumer mortgage finance receivables and loans, net (c)	1,015	231 (c)	1	—	—	—	(406)	841	70 (c)
Mortgage servicing rights	3,738	(1,327) (d)	—	31	(266) (e)	487	—	2,663	(1,327) (d)
Other assets									
Interests retained in financial asset sales	568	167 (f)	—	—	—	3	(441)	297	(14) (f)
Derivative contracts, net (g)									
Interest rate	(13)	188 (g)	—	—	—	—	(35)	140	213 (g)
Foreign currency	—	2 (g)	—	—	—	—	—	2	2 (g)
Total derivative contracts in a (payable) receivable position, net	(13)	190	—	—	—	—	(35)	142	215
Total assets	$5,451	$(719)	$15	$162	$(425)	$490	$(902)	$4,072	$(1,049)
Liabilities									
Long-term debt									
On-balance sheet securitization debt (c)	$(972)	$(249) (c)	$1	$—	$—	$—	$389	$(831)	$(89) (c)
Accrued expenses and other liabilities									

Loan repurchase liabilities (c)	—		1		—	(37	)	—	—	8	(28	)	1	
Total liabilities	$(972	)	$(248	)	$ 1	$ (37	)	$—	$ —	$ 397	$ (859	)	$ (88	)

(a) The fair value adjustment was reported as other income, net of losses, and the related interest was reported as interest on trading assets in the Condensed Consolidated Statement of Comprehensive Income.

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

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

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

(e) Represents excess mortgage servicing rights transferred to an agency-controlled trust in exchange for trading securities. These securities were then sold instantaneously to third-party investors for $266 million.

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

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

Nonrecurring Fair Value

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

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

September 30, 2012 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the three months ended	Total loss included in earnings for the nine months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Commercial finance receivables and loans, net (a)							
Automotive	$—	$—	$172	$172	$(31)	n/m (b)	n/m (b)
Other	—	—	26	26	(7)	n/m (b)	n/m (b)
Total commercial finance receivables and loans, net	—	—	198	198	(38)	n/m (b)	n/m (b)
Other assets							
Repossessed and foreclosed assets (c)	—	—	7	7	(1)	n/m (b)	n/m (b)
Cost basis investment in ResCap (d)	—	—	—	—	—	—	(442)
Total assets	$—	$—	$205	$205	$(39)	$—	$(442)

n/m = not meaningful

(a) Represents the portion of the portfolio specifically impaired during 2012. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

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

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

(d) Represents the impairment of our investment in ResCap during 2012. Refer to Note 1 for additional information related to ResCap.

September 30, 2011 ($ in millions)	Nonrecurring fair value measurements				Lower-of-cost or fair value or valuation reserve allowance	Total loss included in earnings for the three months ended	Total loss included in earnings for the nine months ended
	Level 1	Level 2	Level 3	Total			
Assets							
Mortgage loans held-for-sale (a)	$—	$—	$507	$507	$(58)	n/m (b)	n/m (b)
Commercial finance receivables and loans, net (c)							
Automotive	—	—	272	272	(33)	n/m (b)	n/m (b)
Mortgage	—	3	24	27	(5)	n/m (b)	n/m (b)
Other	—	—	37	37	(10)	n/m (b)	n/m (b)
Total commercial finance receivables and loans, net	—	3	333	336	(48)	n/m (b)	n/m (b)
Other assets							
Property and equipment	—	13	—	13	n/m (d)	$—	$(8)
Repossessed and foreclosed assets (e)	—	35	29	64	(10)	n/m (b)	n/m (b)
Total assets	$—	$51	$869	$920	$(116)	$—	$(8)

n/m = not meaningful

(a) Represents loans held-for-sale that are required to be measured at the lower-of-cost or fair value. The table above includes only loans with fair values below cost during 2011. The related valuation allowance represents the cumulative adjustment to fair value of those specific assets.

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

(c) Represents the portion of the portfolio specifically impaired during 2011. The related valuation allowance represents the cumulative adjustment to fair value of those specific receivables.

(d) The total gain (loss) included in earnings is the most relevant indicator of the impact on earnings.

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

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

September 30, 2012 ($ in millions)	Level 3 nonrecurring measurements	Valuation technique	Unobservable input	Range
Assets				
Commercial finance receivables and loans, net				
Automotive	$172	Fair value of collateral	Adjusted appraisal value	65.0-95.0%

Fair Value Option for Financial Assets and Financial Liabilities

A description of the financial assets and liabilities elected to be measured at fair value is as follows. Our intent in electing fair value for all these items was to mitigate a divergence between accounting losses and economic exposure for certain assets and liabilities.

- On-balance sheet mortgage securitizations — We elected to measure at fair value certain domestic consumer mortgage finance receivables and loans and the related debt held in on-balance sheet mortgage securitization structures. The fair value-elected loans were classified as finance receivable and loans, net, on the Condensed Consolidated Balance Sheet. Our policy is to separately record interest income on the fair value-elected loans (unless the loans are placed on nonaccrual status); however, the accrued interest was excluded from the fair value presentation. We classified the fair value adjustment recorded for the loans as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income.

We continued to record the fair value-elected debt balances as long-term debt on the Condensed Consolidated Balance Sheet. Our policy is to separately record interest expense on the fair value-elected debt, which continues to be classified as interest on long-term debt in the Condensed Consolidated Statement of Comprehensive Income. We classified the fair value adjustment recorded for this fair value-elected debt as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income.

- Conforming and government-insured mortgage loans held-for-sale — We elected the fair value option for conforming and government-insured mortgage loans held-for-sale funded after July 31, 2009. We elected the fair value option to mitigate earnings volatility by better matching the accounting for the assets with the related hedges.

Excluded from the fair value option were conforming and government-insured loans funded on or prior to July 31, 2009, and those repurchased or rerecognized. The loans funded on or prior to July 31, 2009, were ineligible because the election must be made at the time of funding. Repurchased and rerecognized conforming and government-insured loans were not elected because the election will not mitigate earning volatility. We repurchase or rerecognize loans due to representation and warranty obligations or conditional repurchase options. Typically, we will be unable to resell these assets through regular channels due to characteristics of the assets. Since the fair value of these assets is influenced by factors that cannot be hedged, we did not elect the fair value option.

We carry the fair value-elected conforming and government-insured loans as loans held-for-sale, net, on the Condensed Consolidated Balance Sheet. Our policy is to separately record interest income on the fair value-elected loans (unless they are placed on nonaccrual status); however, the accrued interest was excluded from the fair value presentation. Upfront fees and costs related to the fair value-elected loans were not deferred or capitalized. The fair value adjustment recorded for these loans is classified as gain (loss) on mortgage loans, net, in the Condensed Consolidated Statement of Comprehensive Income. In accordance with GAAP, the fair value option election is irrevocable once the asset is funded even if it is subsequently determined that a particular loan cannot be sold.

- Nongovernment-eligible mortgage loans held-for-sale subject to conditional repurchase options — We elected the fair value option for both nongovernment-eligible mortgage loans held-for-sale subject to conditional repurchase options and the related liability. These conditional repurchase options within our private label securitizations allowed us to

repurchase a transferred financial asset if certain events outside our control were met. The typical conditional repurchase option was a delinquent loan repurchase option that gave us the option to purchase the loan if it exceeded a certain prespecified delinquency level. We had complete discretion regarding when or if we would exercise these options, but generally we would do so only when it is in our best interest. We recorded the asset and the corresponding liability on our balance sheet when the option becomes exercisable. The fair value option election must be made at initial recording. As such, the conditional repurchase option assets and liabilities recorded prior to January 1, 2011, were ineligible for the fair value election.

We carried these fair value-elected optional repurchase loan balance as loans held-for-sale, net, on the Condensed Consolidated Balance Sheet. The fair value adjustment recorded for these loans was classified as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income. We carried the fair value-elected corresponding liability as accrued expenses and other liabilities on the Condensed Consolidated Balance Sheet. The fair value adjustment recorded for these liabilities were classified as other income, net of losses, in the Condensed Consolidated Statement of Comprehensive Income.

The following tables summarize the fair value option elections and information regarding the amounts recorded as earnings for each fair value option-elected item.

Three months ended September 30, ($ in millions)	Changes included in the Condensed Consolidated Statement of Comprehensive Income						
	Interest and fees on finance receivables and loans (a)	Interest on loans held-for-sale (a)	Interest on long-term debt (b)	Gain on mortgage loans, net	Other income, net of losses	Total included in earnings	Change in fair value due to credit risk (c)
2012							
Assets							
Mortgage loans held-for-sale, net	$—	$ 18	$—	$33	$ —	$ 51	$— (d)
2011							
Assets							
Mortgage loans held-for-sale, net	$—	$ 49	$—	$382	$ —	$ 431	$— (d)
Consumer mortgage finance receivables and loans, net	48	—	—	—	9	57	(54) (e)
Liabilities							
Long-term debt							
On-balance sheet securitization debt	—	—	(29)	—	(54)	(83)	37 (f)
Accrued expenses and other liabilities							
Loan repurchase liabilities	—	—	—	—	1	1	—
Total						$ 406	

(a) Interest income is measured by multiplying the unpaid principal balance on the loans by the coupon rate and the number of days of interest due.

(b) Interest expense is measured by multiplying bond principal by the coupon rate and the number of days of interest due to the investor.

(c) Factors other than credit quality that impact fair value include changes in market interest rates and the illiquidity or marketability in the current marketplace. Lower levels of observable data points in illiquid markets generally result in wide bid/offer spreads.

(d) The credit impact for loans held-for-sale is assumed to be zero because the loans are either suitable for sale or are covered by a government guarantee.

(e) The credit impact for consumer mortgage finance receivables and loans was quantified by applying internal credit loss assumptions to cash flow models.

(f) The credit impact for on-balance sheet securitization debt is assumed to be zero until our economic interests in a particular securitization is reduced to zero, at which point the losses on the underlying collateral will be expected to be passed through to third-party bondholders. Losses allocated to third-party bondholders, including changes in the amount of losses allocated, will result in fair value changes due to credit. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.

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	Changes included in the Condensed Consolidated Statement of Comprehensive Income							
Nine months ended September 30, ($ in millions)	Interest and fees on finance receivables and loans (a)	Interest on loans held-for-sale (a)	Interest on long-term debt (b)	Gain on mortgage loans, net	Other income, net of losses	Total included in earnings	Change in fair value due to credit risk (c)	
2012								
Assets								
Mortgage loans held-for-sale, net	$—	$ 58	$—	$280	$ —	$ 338	$—	(d)
Consumer mortgage finance receivables and loans, net	59	—	—	—	62	121	(24)	(e)
Liabilities								
Long-term debt								
On-balance sheet securitization debt	—	—	(34)	—	(81)	(115)	(8)	(f)
Total						$ 344		
2011								
Assets								
Mortgage loans held-for-sale, net	$—	$ 128	$—	$666	$ —	$ 794	$—	(d)
Consumer mortgage finance receivables and loans, net	154	—	—	—	77	231	(49)	(e)
Liabilities								
Long-term debt								
On-balance sheet securitization debt	—	—	(89)	—	(161)	(250)	14	(f)
Accrued expenses and other liabilities								
Loan repurchase liabilities	—	—	—	—	1	1	—	
Total						$ 776		

(a) Interest income is measured by multiplying the unpaid principal balance on the loans by the coupon rate and the number of days of interest due.

(b) Interest expense is measured by multiplying bond principal by the coupon rate and the number of days of interest due to the investor.

(c) Factors other than credit quality that impact fair value include changes in market interest rates and the illiquidity or marketability in the current marketplace. Lower levels of observable data points in illiquid markets generally result in wide bid/offer spreads.

(d) The credit impact for loans held-for-sale is assumed to be zero because the loans are either suitable for sale or are covered by a government guarantee.

(e) The credit impact for consumer mortgage finance receivables and loans was quantified by applying internal credit loss assumptions to cash flow models.

(f)

The credit impact for on-balance sheet securitization debt is assumed to be zero until our economic interests in a particular securitization is reduced to zero, at which point the losses on the underlying collateral will be expected to be passed through to third-party bondholders. Losses allocated to third-party bondholders, including changes in the amount of losses allocated, will result in fair value changes due to credit. We also monitor credit ratings and will make credit adjustments to the extent any bond classes are downgraded by rating agencies.

The following table provides the aggregate fair value and the aggregate unpaid principal balance for the fair value option-elected loans and long-term debt instruments.

($ in millions)	September 30, 2012		December 31, 2011	
	Unpaid principal balance	Fair value (a)	Unpaid principal balance	Fair value (a)
Assets				
Mortgage loans held-for-sale, net				
Total loans	$1,834	$1,927	$3,766	$3,919
Nonaccrual loans	32	17	54	27
Loans 90+ days past due (b)	28	15	53	27
Consumer mortgage finance receivables and loans, net				
Total loans	—	—	2,436	835
Nonaccrual loans (c)	—	—	506	209
Loans 90+ days past due (b) (c)	—	—	362	163
Liabilities				
Long-term debt				
On-balance sheet securitization debt	$—	$—	$(2,559)	$(830)
Accrued expenses and other liabilities				
Loan repurchase liabilities	—	—	(57)	(29)

(a) Excludes accrued interest receivable.

(b) Loans 90+ days past due are also presented within the nonaccrual loan balance and the total loan balance; however, excludes government-insured loans that are still accruing interest.

(c) The fair value of consumer mortgage finance receivables and loans is calculated on a pooled basis; therefore, we allocated the fair value of nonaccrual loans and loans 90+ days past due to individual loans based on the unpaid principal balances. For further discussion regarding the pooled basis, refer to the previous section of this note titled Consumer mortgage finance receivables and loans, net.

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Fair Value of Financial Instruments

The following table presents the carrying and estimated fair value of financial instruments, except for those recorded at fair value on a recurring basis presented in the previous section of this note titled Recurring Fair Value. When possible, we use quoted market prices to determine fair value. Where quoted market prices are not available, the fair value is internally derived based on appropriate valuation methodologies with respect to the amount and timing of future cash flows and estimated discount rates. However, considerable judgment is required in interpreting market data to develop estimates of fair value, so the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. The effect of using different market assumptions or estimation methodologies could be material to the estimated fair values. Fair value information presented herein was based on information available at September 30, 2012, and December 31, 2011.

	September 30, 2012					December 31, 2011	
		Estimated fair value					
($ in millions)	Carrying value	Level 1	Level 2	Level 3	Total	Carrying value	Estimated fair value
Financial assets							
Loans held-for-sale, net (a)	$1,937	$—	$1,927	$10	$1,937	$8,557	$8,674
Finance receivables and loans, net (a)	119,836	—	—	121,200	121,200	113,252	113,576
Nonmarketable equity investments	342	—	313	31	344	419	423
Financial liabilities							
Deposit liabilities	$49,872	$—	$3,811	$46,922	$50,733	$45,050	$45,696
Short-term borrowings	5,877	5	—	5,863	5,868	7,680	7,622
Long-term debt (a)(b)	93,726	—	42,881	53,909	96,790	93,434	92,142

(a) Includes financial instruments carried at fair value due to fair value option elections. Refer to the previous section of this note titled Fair Value Option for Financial Assets and Liabilities for further information about the fair value elections.

(b) The carrying value includes deferred interest for zero-coupon bonds of $698 million and $640 million at September 30, 2012, and December 31, 2011, respectively.

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.

- Loans held-for-sale, net — Loans held-for-sale classified as Level 2 include all GSE-eligible mortgage loans valued predominantly using published forward agency prices. It also includes any domestic loans and foreign 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. Loans held-for-sale classified as Level 3 include all loans valued using internally developed valuation models because observable market prices were not available. The loans are priced on a discounted cash flow basis utilizing cash flow projections from internally developed models that utilize prepayment, default, and discount rate assumptions. To the extent available, we will utilize market observable inputs such as interest rates and market spreads. If market observable inputs are not available, we are required to utilize internal inputs, such as prepayment speeds, credit losses, and discount rates.
- Finance receivables and loans, net — With the exception of mortgage loans held-for-investment, the fair value of finance receivables was based on discounted future cash flows using applicable spreads to approximate current rates applicable to each category of finance receivables (an income approach using Level 3 inputs). The carrying value of commercial receivables in certain markets and certain other automotive- and mortgage-lending 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 mortgage loans held-for-investment used as collateral for securitization debt, we used a portfolio approach with Level 3 inputs to measure these loans at fair value. The objective in fair valuing these loans (which are legally isolated and beyond the reach of our creditors) and the related collateralized borrowings is to reflect our retained economic position in the securitizations. For mortgage loans held-for-investment that are not securitized, we used valuation methods and assumptions similar to those used for mortgage loans held-for-sale. These valuations consider unique attributes of the loans such as geography, delinquency status, product type, and other factors. Refer to the section above titled Loans held-for-sale, net, for a description of methodologies and assumptions used to determine the fair value of mortgage loans held-for-sale.

- Deposit liabilities — Deposit liabilities represent certain consumer and brokered bank deposits, mortgage escrow deposits, and dealer deposits. Deposits classified as Level 2 were valued using quoted market prices from active markets for similar instruments. 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.

- Debt — Level 2 debt was valued using quoted market prices in inactive markets. Debt valued using internally derived inputs, such as prepayment speeds and discount rates, was classified as Level 3.

23. 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 four operating segments - North American Automotive Finance operations, International 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 geographic considerations, 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.

North American Automotive Finance operations — Provides automotive financing services to consumers and automotive dealers in the United States and Canada and includes the automotive activities of Ally Bank and ResMor Trust. For consumers, we offer retail automotive financing and leasing for new and used vehicles, and through our commercial automotive financing operations, we fund dealer purchases of new and used vehicles through wholesale or floorplan financing.

International Automotive Finance operations — Provides automotive financing and full-service leasing to consumers and dealers outside of the United States and Canada. Our International Automotive Finance operations will focus the majority of new originations in five core international markets: Germany, the United Kingdom, Brazil, Mexico, and China through our joint venture.

Insurance operations — Offers consumer finance and insurance products, and commercial insurance products sold primarily through the dealer channel including vehicle service contracts, commercial insurance coverage in the United States (primarily covering dealers' wholesale vehicle inventory), and personal automobile insurance in certain countries outside the United States.

Mortgage operations —The principal ongoing activities include originating, purchasing, selling, and securitizing conforming and government-insured residential mortgage loans in the United States through Ally Bank; and servicing residential mortgage loans for ourselves and others. We also originate high-quality prime jumbo mortgage loans in the United States. Our Mortgage operations also include noncore business activities that are winding down or were business activities of ResCap, which was deconsolidated on May 14, 2012, including, among other things: portfolios in runoff; our mortgage reinsurance business; and providing collateralized lines of credit to other mortgage originators, which we refer to as warehouse lending.

Corporate and Other primarily consists of our centralized corporate treasury and deposit gathering 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 new debt issuances and bond exchanges, most notably from the December 2008 bond exchange, and the residual impacts of our corporate funds-transfer pricing (FTP) and treasury asset liability management (ALM) activities. Corporate and Other also includes our Commercial Finance Group, certain equity investments, and reclassifications and eliminations between the reportable operating segments.

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

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

Change in Reportable Segment Information

On May 14, 2012, the Debtors filed for relief under Chapter 11 of the Bankruptcy Code in the United States. As a result of the bankruptcy filing, ResCap was deconsolidated from our financial statements; and beginning in the second quarter of 2012, we are presenting our mortgage business activities under one reportable operating segment, Mortgage operations. Previously our Mortgage operations were presented as two reportable operating segments, Origination and Servicing operations and Legacy Portfolio and Other operations. The new presentation is consistent with the organizational alignment of the business and management's current view of the mortgage business.

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

	Global Automotive Services					
Three months ended September 30, ($ in millions)	North American Automotive Finance operations	International Automotive Finance operations (a)	Insurance operations	Mortgage operations (b)	Corporate and Other (c)	Consolidated (d)
2012						
Net financing revenue (loss)	$856	$166	$22	$53	$(320)	$ 777
Other revenue	75	53	343	446	19	936
Total net revenue (loss)	931	219	365	499	(301)	1,713
Provision for loan losses	102	13	—	6	(5)	116
Total noninterest expense	319	137	332	139	187	1,114
Income (loss) from continuing operations before income tax expense	$510	$69	$33	$354	$(483)	$ 483
Total assets	$106,909	$16,211	$8,461	$17,004	$33,897	$ 182,482
2011						
Net financing revenue (loss)	$755	$167	$21	$75	$(411)	$ 607
Other revenue (loss)	126	61	426	(99)	40	554
Total net revenue (loss)	881	228	447	(24)	(371)	1,161
Provision for loan losses	25	(2)	—	31	(4)	50
Total noninterest expense	305	141	336	354	81	1,217
Income (loss) from continuing operations before income tax expense	$551	$89	$111	$(409)	$(448)	$ (106)
Total assets	$90,532	$15,314	$8,215	$35,502	$32,393	$ 181,956

(a) Amounts include intrasegment eliminations between our North American Automotive Finance operations, International Automotive Finance operations, and Insurance operations.
(b) Represents the mortgage activities of Ally Bank.
(c) Total assets for the Commercial Finance Group were $1.3 billion and $1.3 billion at September 30, 2012 and 2011, respectively.
(d) Net financing revenue (loss) after the provision for loan losses totaled $661 million and $557 million for the three months ended September 30, 2012 and 2011, respectively.

Nine months ended September 30, ($ in millions)	Global Automotive Services North American Automotive Finance operations	International Automotive Finance operations (a)	Insurance operations	Mortgage operations (b)	Corporate and Other (c)	Consolidated (d)
2012						
Net financing revenue (loss)	$2,468	$501	$65	$143	$(949)	$ 2,228
Other revenue	268	178	1,199	1,361	45	3,051
Total net revenue (loss)	2,736	679	1,264	1,504	(904)	5,279
Provision for loan losses	196	75	—	54	(40)	285
Total noninterest expense	957	418	1,064	881	1,674	4,994
Income (loss) from continuing operations before income tax expense	$1,583	$186	$200	$569	$(2,538)	$ —
Total assets	$106,909	$16,211	$8,461	$17,004	$33,897	$ 182,482
2011						
Net financing revenue (loss)	$2,451	$505	$68	$204	$(1,359)	$ 1,869
Other revenue	349	175	1,347	576	172	2,619
Total net revenue (loss)	2,800	680	1,415	780	(1,187)	4,488
Provision for loan losses	126	42	—	115	(70)	213
Total noninterest expense	1,046	449	1,101	1,156	339	4,091
Income (loss) from continuing operations before income tax expense	$1,628	$189	$314	$(491)	$(1,456)	$ 184
Total assets	$90,532	$15,314	$8,215	$35,502	$32,393	$ 181,956

(a) Amounts include intrasegment eliminations between our North American Automotive Finance operations, International Automotive Finance operations, and Insurance operations.
(b) Represents the ResCap legal entity (prior to its deconsolidation from Ally as of May 14, 2012) and the mortgage activities of Ally Bank.
(c) Total assets for the Commercial Finance Group were $1.3 billion and $1.3 billion at September 30, 2012 and 2011, respectively.
(d) Net financing revenue (loss) after the provision for loan losses totaled $1.9 billion and $1.7 billion for the nine months ended September 30, 2012 and 2011, respectively.

Information concerning principal geographic areas were as follows.

Three months ended September 30, ($ in millions)	Revenue (a)(b)	Income (loss) from continuing operations before income tax expense (a)(c)	Net income (loss) (a)(c)
2012			
Canada	$158	$74	$62
Europe (d)	80	29	9
Latin America	258	83	62
Asia-Pacific	22	21	21
Total foreign	518	207	154
Total domestic (e)	1,195	276	230
Total	$1,713	$483	$384
2011			
Canada	$225	$138	$78
Europe (d)	106	75	55
Latin America	212	42	30
Asia-Pacific	21	20	10
Total foreign	564	275	173
Total domestic (e)	597	(381)	(383)
Total	$1,161	$(106)	$(210)

(a) The 2011 balances for Asia-Pacific and domestic were reclassified to conform with the 2012 presentation. These reclassifications have no impact to our condensed consolidated results of operations.
(b) Revenue consists of net financing revenue and total other revenue as presented in our Condensed Consolidated Statement of Comprehensive Income.
(c) The domestic amounts include original discount amortization of $79 million and $228 million for the three months ended September 30, 2012 and 2011, respectively.
(d) Amounts include eliminations between our foreign operations.
(e) Amounts include eliminations between our domestic and foreign operations.

Nine months ended September 30, ($ in millions)	Revenue (a)(b)	Income (loss) from continuing operations before income tax expense (a)(c)	Net income (loss) (a)(c)
2012			
Canada	$528	$290	$227
Europe (d)	312	171	124
Latin America	766	216	171
Asia-Pacific	73	71	71
Total foreign	1,679	748	593
Total domestic (e)	3,600	(748)	(797)
Total	$5,279	$—	$(204)
2011			
Canada	$659	$360	$353
Europe (d)	320	183	153
Latin America	700	188	124
Asia-Pacific	60	58	48
Total foreign	1,739	789	678
Total domestic (e)	2,749	(605)	(629)
Total	$4,488	$184	$49

(a) The 2011 balances for Asia-Pacific and domestic were reclassified to conform with the 2012 presentation. These reclassifications have no impact to our condensed consolidated results of operations.

(b) Revenue consists of net financing revenue and total other revenue as presented in our Condensed Consolidated Statement of Comprehensive Income.

(c) The domestic amounts include original discount amortization of $291 million and $784 million for the nine months ended September 30, 2012 and 2011, respectively.

(d) Amounts include eliminations between our foreign operations.

(e) Amounts include eliminations between our domestic and foreign operations.

24. Parent and Guarantor Consolidating Financial Statements

Certain of our senior notes are guaranteed by a group of subsidiaries (the Guarantors). The Guarantors, each of which is a 100% directly owned subsidiary of Ally Financial Inc., are Ally US LLC, IB Finance Holding Company, LLC (IB Finance), and GMAC Continental Corporation. The Guarantors fully and unconditionally guarantee the senior notes on a joint and several basis. In order to simplify our note guarantor structure and to provide additional flexibility with respect to potential strategic transactions relating to our international operations, Ally has begun a series of transactions in which our note guarantors will be merged with and into, or otherwise consolidated with, IB Finance. To date, GMAC Latin America Holdings LLC and GMAC International Holdings B.V., each of which was a subsidiary guarantor with respect to our same senior notes, have been merged or otherwise consolidated with and into IB Finance. Ally is also taking steps to merge Ally US LLC and GMAC Continental Corporation with and into IB Finance in the near future. Following the completion of these transactions, IB Finance will remain a Guarantor and will continue to fully and unconditionally guarantee our senior notes.

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, 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, Guarantors, and nonguarantors.

Condensed Consolidating Statement of Comprehensive Income

Three months ended September 30, 2012 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$228	$5	$1,418	$—	$1,651
Interest and fees on finance receivables and loans — intercompany	29	2	4	(35)	—
Interest on loans held-for-sale	4	—	18	—	22
Interest and dividends on available-for-sale investment securities	—	—	73	—	73
Interest-bearing cash	7	—	15	—	22
Interest-bearing cash — intercompany	—	—	4	(4)	—
Operating leases	50	—	589	—	639
Total financing revenue and other interest income	318	7	2,121	(39)	2,407
Interest expense					
Interest on deposits	14	—	171	—	185
Interest on short-term borrowings	15	1	30	—	46
Interest on long-term debt	686	2	353	—	1,041
Interest on intercompany debt	1	3	36	(40)	—
Total interest expense	716	6	590	(40)	1,272
Depreciation expense on operating lease assets	29	—	329	—	358
Net financing (loss) revenue	(427)	1	1,202	1	777
Dividends from subsidiaries					
Nonbank subsidiaries	99	—	—	(99)	—
Other revenue					
Servicing fees	46	—	45	—	91
Servicing asset valuation and hedge activities, net	—	—	134	—	134
Total servicing income, net	46	—	179	—	225
Insurance premiums and service revenue earned	—	—	364	—	364
Gain on mortgage and automotive loans, net	2	—	139	—	141
Other gain on investments, net	—	—	(19)	—	(19)
Other income, net of losses	70	120	339	(304)	225
Total other revenue	118	120	1,002	(304)	936
Total net (loss) revenue	(210)	121	2,204	(402)	1,713
Provision for loan losses	55	—	61	—	116
Noninterest expense					
Compensation and benefits expense	198	122	145	(121)	344
Insurance losses and loss adjustment expenses	—	—	151	—	151
Other operating expenses	105	1	696	(183)	619
Total noninterest expense	303	123	992	(304)	1,114
(Loss) income from continuing operations before income tax (benefit) expense and	(568)	(2)	1,151	(98)	483

undistributed income of subsidiaries					
Income tax (benefit) expense from continuing operations	(305)	—	398	—	93
Net (loss) income from continuing operations	(263)	(2)	753	(98)	390
Income (loss) from discontinued operations, net of tax	2	—	(8)	—	(6)
Undistributed income of subsidiaries					
Bank subsidiary	231	231	—	(462)	—
Nonbank subsidiaries	414	62	—	(476)	—
Net income	384	291	745	(1,036)	384
Other comprehensive income, net of tax	218	241	539	(780)	218
Comprehensive income	$602	$532	$1,284	$(1,816)	$602

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

Three months ended September 30, 2011 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$297	$7	$1,379	$(3)	$1,680
Interest and fees on finance receivables and loans — intercompany	61	6	7	(74)	—
Interest on loans held-for-sale	—	—	86	—	86
Interest on trading assets	—	—	4	—	4
Interest and dividends on available-for-sale investment securities	—	—	102	—	102
Interest-bearing cash	1	—	13	—	14
Operating leases	48	—	482	—	530
Total financing revenue and other interest income	407	13	2,073	(77)	2,416
Interest expense					
Interest on deposits	17	—	162	—	179
Interest on short-term borrowings	15	1	45	—	61
Interest on long-term debt	843	3	447	—	1,293
Interest on intercompany debt	(4)	7	74	(77)	—
Total interest expense	871	11	728	(77)	1,533
Depreciation expense on operating lease assets	18	—	258	—	276
Net financing (loss) revenue	(482)	2	1,087	—	607
Dividends from subsidiaries					
Nonbank subsidiaries	696	—	—	(696)	—
Other revenue					
Servicing fees	69	—	266	—	335
Servicing asset valuation and hedge activities, net	—	—	(471)	—	(471)
Total servicing income, net	69	—	(205)	—	(136)
Insurance premiums and service revenue earned	—	—	390	—	390
Gain on mortgage and automotive loans, net	—	—	95	—	95
Other gain on investments, net	—	—	75	—	75
Other income, net of losses	(79)	—	369	(160)	130
Total other (loss) revenue	(10)	—	724	(160)	554
Total net revenue	204	2	1,811	(856)	1,161
Provision for loan losses	40	—	10	—	50
Noninterest expense					
Compensation and benefits expense	95	3	195	—	293
Insurance losses and loss adjustment expenses	—	—	170	—	170
Other operating expenses	141	1	771	(159)	754
Total noninterest expense	236	4	1,136	(159)	1,217
(Loss) income from continuing operations before income tax (benefit) expense and undistributed income (loss) of subsidiaries	(72)	(2)	665	(697)	(106)

Income tax (benefit) expense from continuing operations	(146)	(2)	241	—	93
Net income (loss) from continuing operations	74	—	424	(697)	(199)
Loss from discontinued operations, net of tax	(2)	—	(9)	—	(11)
Undistributed income (loss) of subsidiaries					
Bank subsidiary	366	366	—	(732)	—
Nonbank subsidiaries	(648)	78	—	570	—
Net (loss) income	(210)	444	415	(859)	(210)
Other comprehensive loss, net of tax	(281)	(216)	(715)	931	(281)
Comprehensive (loss) income	$(491)	$228	$(300)	$72	$(491)

Nine months ended September 30, 2012 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$679	$20	$4,321	$—	$5,020
Interest and fees on finance receivables and loans — intercompany	102	10	17	(129)	—
Interest on loans held-for-sale	15	—	116	—	131
Interest on trading assets	—	—	13	—	13
Interest and dividends on available-for-sale investment securities	—	—	243	—	243
Interest-bearing cash	14	—	40	—	54
Interest-bearing cash — intercompany	—	—	13	(13)	—
Operating leases	137	—	1,621	—	1,758
Total financing revenue and other interest income	947	30	6,384	(142)	7,219
Interest expense					
Interest on deposits	47	—	508	—	555
Interest on short-term borrowings	48	2	131	—	181
Interest on long-term debt	2,089	7	1,190	—	3,286
Interest on intercompany debt	—	14	128	(142)	—
Total interest expense	2,184	23	1,957	(142)	4,022
Depreciation expense on operating lease assets	60	—	909	—	969
Net financing (loss) revenue	(1,297)	7	3,518	—	2,228
Dividends from subsidiaries					
Nonbank subsidiaries	419	5	—	(424)	—
Other revenue					
Servicing fees	148	—	469	—	617
Servicing asset valuation and hedge activities, net	—	—	70	—	70
Total servicing income, net	148	—	539	—	687
Insurance premiums and service revenue earned	—	—	1,098	—	1,098
(Loss) gain on mortgage and automotive loans, net	(2)	—	403	—	401
Other gain on investments, net	—	—	137	—	137
Other income, net of losses	215	375	1,042	(904)	728
Total other revenue	361	375	3,219	(904)	3,051
Total net (loss) revenue	(517)	387	6,737	(1,328)	5,279
Provision for loan losses	108	—	177	—	285
Noninterest expense					
Compensation and benefits expense	598	381	604	(375)	1,208
Insurance losses and loss adjustment expenses	—	—	518	—	518
Other operating expenses	1,016	2	2,779	(529)	3,268
Total noninterest expense	1,614	383	3,901	(904)	4,994

(Loss) income from continuing operations before income tax (benefit) expense and undistributed income of subsidiaries	(2,239)	4	2,659	(424)	—
Income tax (benefit) expense from continuing operations	(826)	—	998	—	172
Net (loss) income from continuing operations	(1,413)	4	1,661	(424)	(172)
Income (loss) from discontinued operations, net of tax	19	—	(51)	—	(32)
Undistributed income of subsidiaries					
Bank subsidiary	729	729	—	(1,458)	—
Nonbank subsidiaries	461	261	—	(722)	—
Net (loss) income	(204)	994	1,610	(2,604)	(204)
Other comprehensive income, net of tax	199	212	502	(714)	199
Comprehensive (loss) income	$(5)	$1,206	$2,112	$(3,318)	$(5)

Nine months ended September 30, 2011 ($ in millions)	Parent	Guarantors	Nonguarantors	Consolidating adjustments	Ally consolidated
Financing revenue and other interest income					
Interest and fees on finance receivables and loans	$818	$21	$4,144	$(7)	$4,976
Interest and fees on finance receivables and loans — intercompany	235	17	19	(271)	—
Interest on loans held-for-sale	—	—	256	—	256
Interest on trading assets	—	—	10	—	10
Interest and dividends on available-for-sale investment securities	3	—	308	—	311
Interest-bearing cash	5	—	36	—	41
Operating leases	663	—	1,120	—	1,783
Total financing revenue and other interest income	1,724	38	5,893	(278)	7,377
Interest expense					
Interest on deposits	48	—	468	—	516
Interest on short-term borrowings	41	2	197	—	240
Interest on long-term debt	2,746	8	1,276	—	4,030
Interest on intercompany debt	(12)	20	270	(278)	—
Total interest expense	2,823	30	2,211	(278)	4,786
Depreciation expense on operating lease assets	218	—	504	—	722
Net financing (loss) revenue	(1,317)	8	3,178	—	1,869
Dividends from subsidiaries					
Nonbank subsidiaries	1,207	—	—	(1,207)	—
Other revenue					
Servicing fees	208	—	825	—	1,033
Servicing asset valuation and hedge activities, net	—	—	(663)	—	(663)
Total servicing income, net	208	—	162	—	370
Insurance premiums and service revenue earned	—	—	1,188	—	1,188
Gain on mortgage and automotive loans, net	20	—	281	—	301
Loss on extinguishment of debt	(64)	—	—	—	(64)
Other gain on investments, net	9	—	242	—	251
Other income, net of losses	(124)	1	1,159	(463)	573
Total other revenue	49	1	3,032	(463)	2,619
Total net (loss) revenue	(61)	9	6,210	(1,670)	4,488
Provision for loan losses	118	—	95	—	213
Noninterest expense					
Compensation and benefits expense	485	8	639	—	1,132
Insurance losses and loss adjustment expenses	—	—	567	—	567
Other operating expenses	376	3	2,475	(462)	2,392
Total noninterest expense	861	11	3,681	(462)	4,091
	(1,040)	(2)	2,434	(1,208)	184

(Loss) income from continuing operations before income tax (benefit) expense and undistributed income (loss) of subsidiaries					
Income tax (benefit) expense from continuing operations	(435)	3	538	—	106
Net (loss) income from continuing operations	(605)	(5)	1,896	(1,208)	78
Loss from discontinued operations, net of tax	(12)	—	(17)	—	(29)
Undistributed income (loss) of subsidiaries					
Bank subsidiary	862	862	—	(1,724)	—
Nonbank subsidiaries	(196)	391	—	(195)	—
Net income	49	1,248	1,879	(3,127)	49
Other comprehensive loss, net of tax	(217)	(45)	(398)	443	(217)
Comprehensive (loss) income	$(168)	$1,203	$1,481	$(2,684)	$(168)

September 30, 2012 ($ in millions)	Parent (a)	Guarantors	Nonguarantors (a)	Consolidating adjustments	Ally consolidated
Assets					
Cash and cash equivalents					