Ally Financial Inc.
Form 10-Q
November 05, 2013
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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, 2013, 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 4, 2013, 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)
Ally Financial Inc. • Form 10-Q

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	$1,119	$1,141	$3,393	$3,374
Interest on loans held-for-sale	—	23	19	74
Interest on trading assets	—	—	—	10
Interest and dividends on available-for-sale investment securities	85	64	229	215
Interest-bearing cash	3	8	8	19
Operating leases	832	631	2,354	1,699
Total financing revenue and other interest income	2,039	1,867	6,003	5,391
Interest expense				
Interest on deposits	163	158	489	481
Interest on short-term borrowings	15	20	47	56
Interest on long-term debt	609	851	2,013	2,568
Total interest expense	787	1,029	2,549	3,105
Depreciation expense on operating lease assets	515	366	1,449	1,006
Net financing revenue	737	472	2,005	1,280
Other revenue				
Servicing fees	13	91	114	326
Servicing asset valuation and hedge activities, net	—	134	(213)	74
Total servicing income, net	13	225	(99)	400
Insurance premiums and service revenue earned	251	262	768	793
Gain on mortgage and automotive loans, net	15	142	52	248
Loss on extinguishment of debt	(42)	—	(42)	—
Other gain (loss) on investments, net	41	(23)	156	130
Other income, net of losses	93	169	324	523
Total other revenue	371	775	1,159	2,094
Total net revenue	1,108	1,247	3,164	3,374
Provision for loan losses	141	105	361	236
Noninterest expense				
Compensation and benefits expense	245	257	782	830
Insurance losses and loss adjustment expenses	85	90	346	337
Other operating expenses	432	498	1,393	1,504
Total noninterest expense	762	845	2,521	2,671
Income from continuing operations before income tax expense (benefit)	205	297	282	467
Income tax expense (benefit) from continuing operations	28	46	(55)	31
Net income from continuing operations	177	251	337	436
(Loss) income from discontinued operations, net of tax	(86)	133	(80)	(640)
Net income (loss)	91	384	257	(204)
Other comprehensive income (loss), net of tax	4	218	(494)	199
Comprehensive income (loss)	$95	$602	$(237)	$(5)

Statement continues on the next page.

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

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Condensed Consolidated Statement of Comprehensive Income (unaudited)
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	Three months ended September 30,		Nine months ended September 30,	
($ in millions except per share data)	2013	2012	2013	2012
Net (loss) income attributable to common shareholders				
Net income from continuing operations	$177	$251	$337	$436
Preferred stock dividends — U.S. Department of Treasury	(134)	(134)	(401)	(401)
Preferred stock dividends	(67)	(67)	(200)	(200)
Net (loss) income from continuing operations attributable to common shareholders	(24)	50	(264)	(165)
(Loss) income from discontinued operations, net of tax	(86)	133	(80)	(640)
Net (loss) income attributable to common shareholders	$(110)	$183	$(344)	$(805)
Basic weighted-average common shares outstanding	1,330,970	1,330,970	1,330,970	1,330,970
Diluted weighted-average common shares outstanding (a)	1,330,970	1,330,970	1,330,970	1,330,970
Basic earnings per common share				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)
Diluted earnings per common share (a)				
Net (loss) income from continuing operations	$(18)	$38	$(199)	$(124)
(Loss) income from discontinued operations, net of tax	(64)	100	(60)	(481)
Net (loss) income	$(82)	$138	$(259)	$(605)

(a) Due to the antidilutive effect of converting the Fixed Rate Cumulative Mandatorily Convertible Preferred Stock into common shares and the net (loss) income from continuing operations attributable to common shareholders for the three months and nine months ended September 30, 2013 and 2012, respectively, net (loss) income from continuing operations 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, 2013	December 31, 2012
Assets		
Cash and cash equivalents		
Noninterest-bearing	$1,063	$1,073
Interest-bearing	5,486	6,440
Total cash and cash equivalents	6,549	7,513
Investment securities	17,967	14,178
Loans held-for-sale, net ($63 and $2,490 fair value-elected)	82	2,576
Finance receivables and loans, net		
Finance receivables and loans, net	95,281	99,055
Allowance for loan losses	(1,198)	(1,170)
Total finance receivables and loans, net	94,083	97,885
Investment in operating leases, net	17,254	13,550
Mortgage servicing rights	—	952
Premiums receivable and other insurance assets	1,649	1,609
Other assets	7,059	11,908
Assets of operations held-for-sale	5,913	32,176
Total assets	$150,556	$182,347
Liabilities		
Deposit liabilities		
Noninterest-bearing	$66	$1,977
Interest-bearing	51,965	45,938
Total deposit liabilities	52,031	47,915
Short-term borrowings	6,015	7,461
Long-term debt	60,701	74,561
Interest payable	978	932
Unearned insurance premiums and service revenue	2,332	2,296
Accrued expenses and other liabilities	4,836	6,585
Liabilities of operations held-for-sale	4,602	22,699
Total liabilities	131,495	162,449
Equity		
Common stock and paid-in capital	19,669	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	(7,365)	(7,021)
Accumulated other comprehensive (loss) income	(183)	311
Total equity	19,061	19,898
Total liabilities and equity	$150,556	$182,347

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

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, 2013	December 31, 2012
Assets		
Finance receivables and loans, net		
Finance receivables and loans, net	$28,308	$31,510
Allowance for loan losses	(152)	(144)
Total finance receivables and loans, net	28,156	31,366
Investment in operating leases, net	5,316	6,060
Other assets	1,492	2,868
Assets of operations held-for-sale	149	12,139
Total assets	$35,113	$52,433
Liabilities		
Short-term borrowings	$500	$400
Long-term debt	24,169	26,461
Interest payable	1	1
Accrued expenses and other liabilities	12	16
Liabilities of operations held-for-sale	149	9,686
Total liabilities	$24,831	$36,564

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 (loss)	Total equity
Balance at January 1, 2012	$19,668	$5,685	$1,255	$(7,415)	$87	$19,280
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	$(8,220)	$286	$18,674
Balance at January 1, 2013	$19,668	$5,685	$1,255	$(7,021)	$311	$19,898
Net income				257		257
Preferred stock dividends — U.S. Department of Treasury				(401)		(401)
Preferred stock dividends				(200)		(200)
Other comprehensive loss, net of tax					(494)	(494)
Increase in paid-in capital	1					1
Balance at September 30, 2013	$19,669	$5,685	$1,255	$(7,365)	$(183)	$19,061

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

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

Nine months ended September 30, ($ in millions)	2013	2012
Operating activities		
Net income (loss)	$257	$(204)
Reconciliation of net income to net cash provided by operating activities		
Depreciation and amortization	2,106	1,758
Changes in fair value of mortgage servicing rights	102	654
Provision for loan losses	431	285
Gain on sale of loans, net	(52)	(396)
Net gain on investment securities	(156)	(144)
Loss on extinguishment of debt	42	—
Originations and purchases of loans held-for-sale	(6,234)	(23,670)
Proceeds from sales and repayments of loans held-for-sale	8,647	25,295
Impairment and settlement related to Residential Capital, LLC	1,350	1,192
Gain on sale of subsidiaries, net	(932)	(28)
Net change in		
Trading assets	—	595
Deferred income taxes	(604)	(199)
Interest payable	51	168
Other assets	2,943	475
Other liabilities	(3,456)	(761)
Other, net	(130)	(175)
Net cash provided by operating activities	4,365	4,845
Investing activities		
Purchases of available-for-sale securities	(12,747)	(9,592)
Proceeds from sales of available-for-sale securities	4,721	6,774
Proceeds from maturities and repayment of available-for-sale securities	3,893	4,940
Net decrease (increase) in finance receivables and loans	2,744	(7,925)
Proceeds from sales of finance receivables and loans	—	2,329
Purchases of operating lease assets	(7,251)	(5,612)
Disposals of operating lease assets	2,080	1,303
Sale of mortgage servicing rights	911	—
Proceeds from sale of business units, net (a)	6,937	516
Net cash effect from deconsolidation of Residential Capital, LLC	—	(539)
Net change in restricted cash	2,297	92
Other, net	(55)	(17)
Net cash provided by (used in) investing activities	3,530	(7,731)

Statement continues on the next page.

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

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Condensed Consolidated Statement of Cash Flows (unaudited)
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Nine months ended September 30, ($ in millions)	2013	2012
Financing activities		
Net change in short-term borrowings	(936)	(1,673)
Net increase in deposits	4,057	4,647
Proceeds from issuance of long-term debt	13,347	27,520
Repayments of long-term debt	(26,725)	(22,908)
Dividends paid	(601)	(601)
Net cash (used in) provided by financing activities	(10,858)	6,985
Effect of exchange-rate changes on cash and cash equivalents	47	(1)
Net (decrease) increase in cash and cash equivalents	(2,916)	4,098
Adjustment for change in cash and cash equivalents of operations held-for-sale (a) (b)	1,952	24
Cash and cash equivalents at beginning of year	7,513	13,035
Cash and cash equivalents at September 30,	$6,549	$17,157
Supplemental disclosures		
Cash paid for		
Interest	$2,890	$3,705
Income taxes	67	291
Other disclosures		
Proceeds from sales and repayments of mortgage loans held-for-investment originally designated as held-for-sale	43	116

(a) The amounts are net of cash and cash equivalents of $1,418 million at September 30, 2013 and $147 million at September 30, 2012 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, diversified, financial services firm. Founded in 1919, we are a leading automotive financial services company with over 90 years of 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 (internet, telephone, mobile, and mail) banking market.

Our accounting and reporting policies conform to accounting principles generally accepted in the United States of America (GAAP). Additionally, where applicable, the policies conform to the accounting and reporting guidelines prescribed by bank regulatory authorities. The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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, 2013, and for the three months and nine months ended September 30, 2013, and 2012, 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, 2012, as filed on March 1, 2013, with the U.S. Securities and Exchange Commission (SEC) as revised by the Current Report on Form 8-K filed with the SEC on July 9, 2013 (referred to herein as 2012 Annual Report).

Residential Capital, LLC

Our mortgage operations were historically a significant portion of our operations and were conducted primarily through our Residential Capital, LLC (ResCap) subsidiary. On May 14, 2012, 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 (the Bankruptcy Court). As a result of the bankruptcy filing, effective May 14, 2012, we deconsolidated ResCap from our financial statements and recorded a charge of $442 million for the impairment of Ally's investment in ResCap. During the first quarter of 2013, we discontinued performing certain mortgage activities, which were required as part of the bankruptcy process until the sale of certain assets occurred. As a result of us discontinuing these activities, the operations of ResCap were classified as discontinued. Refer to Note 2 for further information.

On May 14, 2013, Ally Financial Inc., on behalf of itself and certain of its subsidiaries (collectively, AFI) entered into a Plan Support Agreement (the PSA) with the Debtors, the official committee of unsecured creditors appointed in the Debtors' Chapter 11 cases (the Creditors' Committee), and certain creditors (collectively, the Consenting Claimants). The PSA, which was approved by the Bankruptcy Court on June 26, 2013, requires the parties to support a Chapter 11 plan in the Debtors' Chapter 11 cases (the Plan) that, among other things, settles and provides AFI full releases for all existing and potential claims between AFI and the Debtors, including all representation and warranty claims that reside with the Debtors (the Debtor Releases), and shall include full releases for all pending and potential claims held by third parties related to the Debtors that could be brought against AFI (the Third Party Releases).

On July 3, 2013, the Debtors filed the Plan and related disclosure statement (the Disclosure Statement), with the Bankruptcy Court. The Bankruptcy Court entered an order approving the Disclosure Statement on August 23, 2013, and the Plan confirmation hearing is currently scheduled to commence on November 19, 2013. The Plan fully incorporates the terms of the PSA, including the Debtor Releases, as well as the Third Party Releases. As of the date hereof, AFI has agreed to settlements (the Settlements) with each of the Federal Housing Finance Agency (the FHFA) and the Federal Deposit Insurance Corporation, as receiver for certain failed banks (the FDIC), which provide, among other things, that in exchange for a monetary payment, the FHFA’s and FDIC’s pending litigation against AFI will be dismissed, and the claims will no longer be included as exceptions to the Third Party Releases. Also, the Plan will be amended to add Freddie Mac, and the FHFA as conservator for Freddie Mac and Fannie Mae, as exclusions from the Third Party Releases only with respect to certain ordinary-course representation and warranty repurchase claims against Ally Bank, as a former mortgage seller and servicer. The Settlements are not conditioned on the Plan becoming effective. It is possible that additional exceptions to the Third Party Releases could be added in the future with AFI’s consent. We recorded an additional pretax charge of $170 million to discontinued operations ($107 million net of tax) during the three months ended September 30, 2013, related to the Settlements. At September 30, 2013, we have accrued $520 million related to the Settlements.

The Plan also provides, among other things, that, on the effective date of the Plan (the Effective Date), AFI will contribute to the Debtors' estates $1.95 billion in cash or cash equivalents, and will further contribute $150 million received by AFI for claims it pursues against its insurance carriers related to the claims released in connection with the Plan, with such amount guaranteed by AFI to be paid no later than September 30, 2014 (collectively, the AFI Contribution) in exchange for the releases of AFI included in the Plan. These amounts have been appropriately reflected within our accrued expenses and other liabilities. Refer to Note 15 for additional information. The AFI Contribution and other assets of the Debtors' estates will be distributed to creditors under the Plan.

In addition, the Plan contemplates the payoff of AFI secured debt on or before the Effective Date. On June 13, 2013, the Debtors paid AFI approximately $1.1 billion in full satisfaction of the AFI revolving credit facility and line of credit. The payment to AFI was approved by the Bankruptcy Court with an express reservation of rights, claims and remedies against AFI and a reciprocal reservation of rights, claims and remedies for AFI's benefit in the event the Plan does not become effective.

The Plan also provides that the Debtors will remain responsible for all costs and obligations imposed on the Debtors under (i) the consent judgment among the United States Department of Justice, the Attorneys General of certain states, ResCap, GMAC Mortgage, LLC (GMACM) and Ally Financial Inc. entered by the District Court for the District of Columbia on February 9, 2012, (ii) the consent order among ResCap, GMACM, Ally Financial Inc., Ally Bank, the Federal Reserve Board (FRB) and the FDIC, dated April 13, 2011 (the Consent Order) and (iii) the order of assessment among ResCap, GMACM, Ally Financial Inc. and the Board of Governors of the Federal Reserve System, excluding certain obligations that are being performed by Ocwen Financial Corporation (Ocwen). Notably, on July 26, 2013, the Bankruptcy Court approved an amendment to the Consent Order (the Consent Order Amendment), which, among other things, required the Debtors to escrow approximately $230 million (the FRB Settlement Amount) in exchange for the FRB ceasing the foreclosure review mandated under the Consent Order (the FRB Foreclosure Review). As a result of the Consent Order Amendment, the Debtors are no longer responsible for the FRB Foreclosure Review, and the FRB Settlement Amount will be distributed to individual borrowers in full satisfaction of the Debtors' foreclosure review obligations.

Further, the Plan includes a settlement of insurance disputes between AFI and the Debtors under which the Debtors will relinquish in favor of AFI all of their rights to coverage under certain insurance policies. The PSA also requires that all litigation against AFI by the Debtors, the Creditors' Committee, and the Consenting Claimants be stayed so long as the PSA has not been terminated.

Under the terms of the Plan, the Effective Date must occur on or before the earlier of (i) 30 days after the Bankruptcy Court enters an order confirming the Plan (the Confirmation Order) or (ii) December 15, 2013. If this condition is not satisfied, the Plan allows AFI, the Debtors and/or the Creditors’ Committee to file a motion to vacate the Confirmation Order, which if approved, could result in the Plan becoming null and void.

Under the Plan, there are several remaining conditions to be satisfied or waived before the Plan can be effective, including, the following: (i) the Confirmation Order must have been entered by the Bankruptcy Court and provide for, among other things, the Debtor Releases and Third Party Releases; (ii) the Confirmation Order must not have been stayed, modified, or vacated on appeal; (iii) AFI must have funded the AFI Contribution; and (iv) AFI's secured claims against the Debtors must have been fully satisfied.

Moreover, the PSA includes a number of events that could result in the PSA being terminated, including the following: (i) the Bankruptcy Court enters an order appointing a Chapter 11 trustee; (ii) any of the Debtors' Chapter 11 cases are dismissed or converted to a case under Chapter 7 of the Bankruptcy Code; (iii) any court has entered a final, non-appealable judgment or order declaring any material portion of the PSA unenforceable; (iv) the releases set forth in the PSA are modified, amended, changed, severed or otherwise altered in the Plan or any other definitive document; and (v) the PSA ceases to be binding on AFI or the Creditors' Committee.

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 proposed to release under the Plan. On June 20, 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 (the Examiner). Upon approving the PSA on June 26, 2013, the Bankruptcy Court unsealed the Examiner's investigative report. Under the terms of the PSA, the contents of the report may not be used by any party as a basis for terminating or modifying the PSA.

There can be no assurance that the conditions to effectiveness of the Plan will be satisfied or waived. The failure of the Plan to become effective could result in, among other consequences, the pursuit of an alternative form of reorganization or liquidation, which may be less favorable to AFI. Further, the termination of the PSA could result in, among other consequences, material modifications to the Plan, resulting in delay, significant expense and provisions that are less favorable to AFI. If AFI does not receive the releases described above, the Debtors and/or third party creditors are expected to assert substantial claims directly against AFI, which could have a material adverse impact on us.

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 is estimated using tax rates specific to that jurisdiction.

Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report regarding additional significant accounting policies.

Recently Adopted Accounting Standards

Balance Sheet - Disclosures about Offsetting Assets and Liabilities (ASU 2011-11 and ASU 2013-01)

As of January 1, 2013, we adopted Accounting Standards Update (ASU) 2011-11, which amends ASC 210, Balance Sheet. This ASU contains new disclosure requirements regarding the nature of an entity's rights of offset and related arrangements associated with its financial instruments and derivative instruments. In addition, we adopted ASU 2013-01, which simply clarified the scope of ASU 2011-11. The new disclosures will give financial statement users information about both gross and net exposures. ASU 2011-11 and ASU 2013-01 were required to be applied retrospectively. Since the guidance relates only to disclosure of information, the adoption did not have an impact to our consolidated financial condition or results of operations.

Comprehensive Income - Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income (ASU 2013-02)

As of January 1, 2013, we adopted ASU 2013-02, which amends ASC 220, Comprehensive Income. The ASU contains new requirements related to the presentation and disclosure of items that are reclassified out of accumulated other comprehensive income. The new requirements provide financial statement users a more comprehensive view of items that are reclassified out of accumulated other comprehensive income. ASU 2013-02 was required to be applied prospectively. Since the guidance relates only to presentation and disclosure of information, the adoption did not have an impact to our consolidated financial condition or results of operations.

Derivatives and Hedging - Inclusion of the Fed Funds Effective Swap Rate (or Overnight Index Swap Rate) as a Benchmark Interest Rate for Hedge Accounting Purposes (ASU 2013-10)

As of July 17, 2013, we adopted ASU 2013-10, which amends ASC 815, Derivatives and Hedging. The ASU established the Fed Funds Effective Swap Rate or Overnight Index Swap Rate (OIS) as an additional U.S. benchmark interest rate for hedge accounting purposes. Prior to the ASU's addition of the OIS as a benchmark rate, only interest rates on direct Treasury obligations and the LIBOR swap rate were considered to be such benchmarks. Amendments of the update also remove the restriction on using different benchmark rates for similar hedges. The amendments were effective prospectively when entering into new or redesignating existing hedging relationships on or after July 17, 2013. Since the new guidance simply allows for an additional hedge index to be utilized for hedge accounting purposes, the implementation of this guidance has not had a material effect on our consolidated financial condition or results of operations.

Recently Issued Accounting Standards

Liabilities - Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date (ASU 2013-04)

In February 2013, the Financial Accounting Standards Board (FASB) issued ASU 2013-04. This ASU requires an entity to measure obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, as the sum of the following: (a) The amount the reporting entity agreed to pay on the basis of its arrangement among its co-obligors and (b) any additional amount the reporting entity expects to pay on behalf of its co-obligors. It further requires an entity to disclose the nature and amount of the obligation as well as other information about those obligations. ASU 2013-04 will be effective for us on January 1, 2014, with retrospective application required. The adoption of this guidance is not expected to have a material effect on our consolidated financial condition or results of operations.

Foreign Currency Matters - Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity (ASU 2013-05)

In March 2013, the FASB issued ASU 2013-05. This ASU requires a reporting entity that ceases to have a controlling financial interest in a subsidiary or group of assets that is a nonprofit activity or a business within a foreign entity to release any related cumulative translation adjustment (CTA) into net income. The CTA should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity.

For an equity method investment that is a foreign entity, a pro rata portion of the CTA should be released into net income upon a partial sale of such an investment. This ASU clarifies that the sale of an investment in a foreign entity includes both events that result in the loss of a controlling financial interest in a foreign entity, irrespective of any retained investment, and events that result in step acquisition under which an acquirer obtains control of an acquiree in which it held an equity interest immediately before the acquisition date. Under these circumstances, the CTA should be released into net income upon their occurrence. ASU 2013-05 will be effective for us prospectively on January 1, 2014. Management is currently assessing the potential impact of the application of this guidance. However, since the guidance is prospective and we are in the process of exiting most of our international businesses, it is not expected to have a material effect on our consolidated financial condition or results of operations.

Income Taxes - Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11)

In July 2013, the FASB issued ASU 2013-11. This ASU generally requires an unrecognized tax benefit, or a portion of an unrecognized tax benefit, to be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward. The guidance further includes an exception that if a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available to settle any additional income taxes that would result from the disallowance of a tax position at the reporting date, or the tax law of the applicable jurisdiction, does not require the entity to use them and the entity does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The assessment of whether a deferred tax asset is available is based on the unrecognized tax benefit and deferred tax asset that exist at the reporting date and should be made presuming disallowance of the tax position at the reporting date. ASU 2013-11 will be effective for us prospectively on January 1, 2014. The amendments should be applied prospectively to all unrecognized tax benefits that exist at the effective date. Early adoption and retrospective application are permitted. The adoption of this guidance is not expected to have a material affect on our consolidated financial condition or results of operations.

2. Discontinued and Held-for-sale Operations

Discontinued 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, 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 first quarter of 2013, the operations of ResCap were classified as discontinued. During the second quarter of 2012, we sold the Canadian mortgage operations of ResMor Trust.

Select Insurance Operations

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

Select Automotive Finance Operations

During the fourth quarter of 2012, we committed to sell our automotive finance operations in Europe and Latin America to General Motors Financial Company, Inc. (GM Financial). On the same date, we entered into an agreement with GM Financial to acquire our 40% interest in a motor vehicle finance joint venture in China. During the second quarter of 2013, we completed the sale of our operations in Europe and the majority of Latin America. The transaction included European operations in Germany, the United Kingdom, Italy, Sweden, Switzerland, Austria, Belgium, France and the Netherlands, and Latin American operations in Mexico, Chile, and Colombia. On October 1, 2013, we completed the sale of the remaining Latin American operations in Brazil. Refer to Note 27 for further detail. We expect to complete the sale of the joint venture in China during 2013 or possibly 2014.

During the first quarter of 2013, we sold our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust. During the first quarter of 2012, we completed the sale of our Venezuela operations.

Select Corporate and Other Operations

During the fourth quarter of 2012, we ceased operations at our Commercial Finance Group's European division and classified it as discontinued.

Select Financial Information

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Select Mortgage operations				
Total net revenue	$—	$—	$—	$440
Pretax loss including direct costs to transact a sale (a) (b)	(158)	(33)	(1,762)	(1,198)
Tax (benefit) expense (c)	(40)	(17)	(573)	7
Select Insurance operations				
Total net revenue	$—	$157	$190	$462
Pretax income including direct costs to transact a sale (a)	5	13	319 (d)	48
Tax expense (benefit) (c)	3	6	(12)	24
Select Automotive Finance operations				
Total net revenue	$119	$347	$544	$1,119
Pretax income including direct costs to transact a sale (a)	58	185	752 (e)	611
Tax expense (benefit) (c)	28	47	(25)	105
Select Corporate and Other operations				
Total net revenue	$—	$1	$—	$10
Pretax income	—	5	1	37
Tax expense	—	1	—	2

(a) Includes certain treasury and other corporate activity recognized by Corporate and Other.
(b) Includes the results of ResCap. Refer to Note 1 for more information regarding the Debtors' bankruptcy.
(c) Includes certain income tax activity recognized by Corporate and Other.
(d) Includes recognized pretax gain of $274 million in connection with the sale of our Mexican insurance business, ABA Seguros.
(e) Includes recognized pretax loss of $371 million in connection with the sale of our European and the majority of our Latin American automotive finance operations and pretax gain of $888 million in connection with the sale of our Canadian automotive finance operations, Ally Credit Canada Limited and ResMor Trust.

Held-for-sale Operations

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

September 30, 2013 ($ in millions)	Select Automotive Finance operations (a)
Assets	
Cash and cash equivalents	
Noninterest-bearing	$35
Interest-bearing	158
Total cash and cash equivalents	193
Finance receivables and loans, net	
Finance receivables and loans, net	4,308
Allowance for loan losses	(94)
Total finance receivables and loans, net	4,214
Other assets	1,506
Total assets	$5,913
Liabilities	
Short-term borrowings	$521
Long-term debt	3,455
Interest payable	117
Accrued expenses and other liabilities	509
Total liabilities	$4,602

(a) Includes Brazil and our joint venture in China that are being sold to GM Financial.

December 31, 2012 ($ in millions)	Select Insurance operations (a)	Select Automotive Finance operations (b)	Total held-for-sale operations
Assets			
Cash and cash equivalents			
Noninterest-bearing	$8	$100	$108
Interest-bearing	119	1,918	2,037
Total cash and cash equivalents	127	2,018	2,145
Investment securities	576	424	1,000
Finance receivables and loans, net			
Finance receivables and loans, net	—	25,835	25,835
Allowance for loan losses	—	(208)	(208)
Total finance receivables and loans, net	—	25,627	25,627
Investment in operating leases, net	—	144	144
Premiums receivable and other insurance assets	277	—	277
Other assets	94	2,942	3,036
Impairment on assets of held-for-sale operations	(53)	—	(53)
Total assets	$1,021	$31,155	$32,176
Liabilities			
Interest-bearing deposit liabilities	$—	$3,907	$3,907
Short-term borrowings	—	2,800	2,800
Long-term debt	—	13,514	13,514
Interest payable	—	177	177
Unearned insurance premiums and service revenue	506	—	506
Accrued expenses and other liabilities	297	1,498	1,795
Total liabilities	$803	$21,896	$22,699

(a) Includes our U.K.-based operations and ABA Seguros.
(b) Includes our Canadian operations sold to Royal Bank of Canada and international entities being sold to GM Financial.

Recurring Fair Value

There were no assets or liabilities for our held-for-sale operations measured at fair value on a recurring basis as of September 30, 2013. The December 31, 2012 balances can be found on the Consolidated Financial Statements in our 2012 Annual Report. 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.

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)	2013	2012	2013	2012
Late charges and other administrative fees	$25	$24	$71	$66
Fair value adjustment on derivatives (a)	21	(2)	31	(36)
Remarketing fees	20	15	59	47
Mortgage processing fees and other mortgage income	—	105	81	335
Other, net	27	27	82	111
Total other income, net of losses	$93	$169	$324	$523

(a) Refer to Note 20 for a description of derivative instruments and hedging activities.

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4. Other Operating Expenses

Details of other operating expenses were as follows.

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Insurance commissions	$93	$93	$278	$286
Technology and communications	87	68	250	237
Professional services	38	43	140	113
Advertising and marketing	33	37	96	104
Lease and loan administration	29	89	141	200
Regulatory and licensing fees	25	30	87	94
Mortgage representation and warranty obligation, net (a)	22	30	103	171
Premises and equipment depreciation	20	20	61	56
Vehicle remarketing and repossession	15	11	42	39
Occupancy	12	12	34	38
Other	58	65	161	166
Total other operating expenses	$432	$498	$1,393	$1,504

(a) Refer to Note 26 for further details on representation and warranty obligation.

5. Investment Securities

Our portfolio of securities includes bonds, equity securities, asset- and mortgage-backed securities, notes, 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, 2013				December 31, 2012			
	Amortized	Gross unrealized		Fair	Amortized	Gross unrealized		Fair
($ in millions)	cost	gains	losses	value	cost	gains	losses	value
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$2,075	$1	$(54)	$2,022	$2,212	$3	$(1)	$2,214
U.S. States and political subdivisions	178	1	—	179	—	—	—	—
Foreign government	299	4	(3)	300	295	8	—	303
Mortgage-backed residential (a)	11,444	78	(316)	11,206	6,779	130	(3)	6,906
Mortgage-backed commercial	20	—	—	20	—	—	—	—
Asset-backed	2,251	17	(3)	2,265	2,309	32	(1)	2,340
Corporate debt	1,047	20	(9)	1,058	1,209	57	(3)	1,263
Total debt securities	17,314	121	(385)	17,050	12,804	230	(8)	13,026
Equity securities	929	32	(44)	917	1,193	32	(73)	1,152
Total available-for-sale securities (b)	$18,243	$153	$(429)	$17,967	$13,997	$262	$(81)	$14,178

(a) Residential mortgage-backed securities include agency-backed bonds totaling $8,702 million and $4,983 million at September 30, 2013, and December 31, 2012, 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 $15 million at September 30, 2013, and December 31, 2012, respectively.

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

	Total		Due in one year or less		Due after one year through five years		Due after five years through ten years		Due after ten years (a)	
($ in millions)	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield	Amount	Yield
September 30, 2013										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$2,022	0.9 %	$588	0.1 %	$505	1.2 %	$929	1.3 %	$—	— %
U.S. States and political subdivisions	179	3.4	—	—	—	—	86	2.6	93	4.2
Foreign government	300	3.5	5	6.1	111	3.8	179	3.3	5	4.1
Mortgage-backed residential	11,206	2.7	—	—	—	—	101	2.1	11,105	2.7
Mortgage-backed commercial	20	1.3	—	—	—	—	—	—	20	1.3
Asset-backed	2,265	1.9	—	—	1,580	1.9	540	1.9	145	2.5
Corporate debt	1,058	4.3	16	5.1	511	3.3	449	5.1	82	5.7
Total available-for-sale debt securities	$17,050	2.5	$609	0.2	$2,707	2.1	$2,284	2.4	$11,450	2.7
Amortized cost of available-for-sale debt securities	$17,314		$609		$2,694		$2,323		$11,688	
December 31, 2012										
Fair value of available-for-sale debt securities (b)										
U.S. Treasury and federal agencies	$2,214	0.9 %	$422	— %	$682	0.7 %	$1,110	1.4 %	$—	— %
Foreign government	303	2.5	1	2.2	136	1.8	166	3.0	—	—
Mortgage-backed residential	6,906	2.7	—	—	—	—	35	4.3	6,871	2.7
Asset-backed	2,340	2.1	—	—	1,543	2.0	510	1.7	287	3.3
Corporate debt	1,263	5.1	9	3.2	560	4.0	596	6.0	98	5.8
Total available-for-sale debt securities	$13,026	2.4	$432	0.1	$2,921	2.0	$2,417	2.6	$7,256	2.6
Amortized cost of available-for-sale debt securities	$12,804		$431		$2,880		$2,369		$7,124	

(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 $3.2 billion and $3.4 billion at September 30, 2013, and December 31, 2012, 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)	2013	2012	2013	2012
Gross realized gains	$59	$52	$196	$217
Gross realized losses	(7)	(19)	(21)	(31)
Other-than-temporary impairment	(11)	(56)	(19)	(56)
Other gain (loss) on investments, net	$41	$(23)	$156	$130

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

($ in millions)	Three months ended September 30, 2013	Three months ended September 30, 2012	Nine months ended September 30, 2013	Nine months ended September 30, 2012
Taxable interest	$79	$58	$210	$197
Taxable dividends	6	6	19	18
Interest and dividends on available-for-sale securities	$85	$64	$229	$215

Certain available-for-sale securities were sold at a loss in 2013 and 2012 as a result of market conditions. 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, 2013, 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, 2013, 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, 2013. Refer to Note 1 to the Consolidated Financial Statements in our 2012 Annual Report for additional information related to investment securities and our methodology for evaluating potential other-than-temporary impairments.

	September 30, 2013				December 31, 2012			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
($ in millions)	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
Available-for-sale securities								
Debt securities								
U.S. Treasury and federal agencies	$1,419	$(54)	$—	$—	$244	$(1)	$—	$—
U.S. States and political subdivisions	32	—	—	—	—	—	—	—
Foreign government	113	(3)	—	—	11	—	—	—
Mortgage-backed	6,688	(316)	3	—	493	(2)	23	(1)
Asset-backed	438	(3)	1	—	143	(1)	1	—
Corporate debt	316	(9)	—	—	120	(2)	15	(1)
Total temporarily impaired debt securities	9,006	(385)	4	—	1,011	(6)	39	(2)
Temporarily impaired equity securities	380	(29)	90	(15)	380	(39)	218	(34)
Total temporarily impaired available-for-sale securities	$9,386	$(414)	$94	$(15)	$1,391	$(45)	$257	$(36)

6. Loans Held-for-Sale, Net

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

($ in millions)	September 30, 2013	December 31, 2012
Consumer mortgage		

1st Mortgage (fair value elected)	$63	$2,490
Total consumer mortgage	63	2,490
Commercial and industrial		
Other	19	86
Total loans held-for-sale (a)	$82	$2,576

(a) Totals are net of unamortized premiums and discounts and deferred fees and costs. Included in the totals are net unamortized discounts of $56 million at September 30, 2013, and net unamortized premiums of $26 million at December 31, 2012.

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

($ in millions)	September 30, 2013	December 31, 2012
High original loan-to-value (greater than 100%) mortgage loans	$1	$378
Interest-only mortgage loans	1	10
Total higher-risk mortgage loans held-for-sale	$2	$388

7. Finance Receivables and Loans, Net

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

($ in millions)	September 30, 2013	December 31, 2012
Consumer automobile (a)	$56,450	$53,715
Consumer mortgage		
1st Mortgage	6,343	7,173
Home equity	2,429	2,648
Total consumer mortgage	8,772	9,821
Commercial		
Commercial and industrial		
Automobile	25,691	30,270
Mortgage	—	—
Other	1,607	2,697
Commercial real estate		
Automobile	2,761	2,552
Mortgage	—	—
Total commercial	30,059	35,519
Total finance receivables and loans (b) (c)	$95,281	$99,055

(a) Includes $3 million of fair value adjustment for loans in hedge accounting relationships at September 30, 2013. Refer to Note 20 for additional information.

(b) Totals are net of unearned income, unamortized premiums and discounts, and deferred fees and costs of $695 million and $895 million at September 30, 2013, and December 31, 2012, respectively.

(c) Includes no international loans at September 30, 2013. Includes $2 million of international consumer automobile loans and $18 million of international commercial other loans at December 31, 2012.

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, 2013 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at July 1, 2013	$610	$431	$142	$1,183
Charge-offs	(168)	(16)	—	(184)
Recoveries	53	5	—	58
Net charge-offs	(115)	(11)	—	(126)
Provision for loan losses	156	(12)	(3)	141
Other	—	(1)	1	—
Allowance at September 30, 2013	$651	$407	$140	$1,198

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 (a)	(158)	(33)	(3)	(194)
Recoveries (b)	62	2	5	69
Net charge-offs	(96)	(31)	2	(125)
Provision for loan losses	99	6	—	105
Other (c)	22	—	(6)	16
Allowance at September 30, 2012	$803	$447	$173	$1,423

(a) Includes international consumer automobile charge-offs of $47 million.
(b) Includes international consumer automobile and international commercial recoveries of $21 million and $4 million, respectively.
(c) Includes provision for loan losses relating to discontinued operations of $11 million.

Nine months ended September 30, 2013 ($ in millions)	Consumer automobile	Consumer mortgage	Commercial	Total
Allowance at January 1, 2013	$575	$452	$143	$1,170
Charge-offs (a)	(443)	(71)	(3)	(517)
Recoveries	155	13	6	174
Net charge-offs	(288)	(58)	3	(343)
Provision for loan losses	355	14	(8)	361
Other	9	(1)	2	10
Allowance at September 30, 2013	$651	$407	$140	$1,198
Allowance for loan losses				
Individually evaluated for impairment	$22	$199	$28	$249
Collectively evaluated for impairment	629	208	112	949
Loans acquired with deteriorated credit quality	—	—	—	—
Finance receivables and loans at historical cost				
Ending balance	56,450	8,772	30,059	95,281
Individually evaluated for impairment	269	916	251	1,436
Collectively evaluated for impairment	56,170	7,856	29,808	93,834
Loans acquired with deteriorated credit quality	11	—	—	11

(a) Includes international commercial charge-offs of $1 million.

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 (a)	(424)	(119)	(8)	(551)
Recoveries (b)	184	8	39	231
Net charge-offs	(240)	(111)	31	(320)
Provision for loan losses	200	54	(18)	236
Other (c)	77	(12)	(61)	4
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

(a) Includes international consumer automobile and international commercial charge-offs of $128 million and $2 million, respectively.

(b) Includes international consumer automobile and international commercial recoveries of $55 million and $29 million, respectively.

(c) Includes provision for loan losses relating to discontinued operations of $49 million.

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

	Three months ended September 30,		Nine months ended September 30,	
($ in millions)	2013	2012	2013	2012
Consumer automobile	$—	$—	$—	$1,960
Consumer mortgage	—	—	—	40
Commercial	2	10	47	10
Total sales and transfers	$2	$10	$47	$2,010

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, 2013						
Consumer automobile	$1,024	$231	$153	$1,408	$55,042	$ 56,450
Consumer mortgage						
1st Mortgage	64	22	123	209	6,134	6,343
Home equity	17	5	12	34	2,395	2,429
Total consumer mortgage	81	27	135	243	8,529	8,772
Commercial						
Commercial and industrial						
Automobile	14	11	15	40	25,651	25,691
Mortgage	—	—	—	—	—	—
Other	—	—	—	—	1,607	1,607
Commercial real estate						
Automobile	—	7	7	14	2,747	2,761
Mortgage	—	—	—	—	—	—
Total commercial	14	18	22	54	30,005	30,059
Total consumer and commercial	$1,119	$276	$310	$1,705	$93,576	$ 95,281
December 31, 2012						
Consumer automobile	$920	$213	$138	$1,271	$52,444	$ 53,715
Consumer mortgage						
1st Mortgage	66	37	156	259	6,914	7,173
Home equity	15	6	18	39	2,609	2,648
Total consumer mortgage	81	43	174	298	9,523	9,821
Commercial						
Commercial and industrial						
Automobile	—	—	16	16	30,254	30,270
Mortgage	—	—	—	—	—	—
Other	—	—	1	1	2,696	2,697
Commercial real estate						
Automobile	—	—	8	8	2,544	2,552
Mortgage	—	—	—	—	—	—
Total commercial	—	—	25	25	35,494	35,519
Total consumer and commercial	$1,001	$256	$337	$1,594	$97,461	$ 99,055

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, 2013	December 31, 2012
Consumer automobile	$306	$260
Consumer mortgage		
1st Mortgage	197	342
Home equity	29	40
Total consumer mortgage	226	382
Commercial		
Commercial and industrial		
Automobile	140	146
Mortgage	—	—
Other	84	33
Commercial real estate		
Automobile		