

Ally Financial Inc.  
Form 10-Q  
August 01, 2014  
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

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

For the quarterly period ended June 30, 2014, or  
.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-3754

ALLY FINANCIAL INC.

(Exact name of registrant as specified in its charter)

Delaware

38-0572512

(State or other jurisdiction of  
incorporation or organization)

(I.R.S. Employer  
Identification No.)

200 Renaissance Center

P.O. Box 200, Detroit, Michigan

48265-2000

(Address of principal executive offices)

(Zip Code)

(866) 710-4623

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for a shorter period that the registrant was required to submit and post such files).

Yes  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  Accelerated filer  Non-accelerated filer  Smaller reporting company   
(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

At July 31, 2014, the number of shares outstanding of the Registrant's common stock was 479,776,889 shares.

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## PART I — FINANCIAL INFORMATION

## Item 1. Financial Statements

## Condensed Consolidated Statement of Comprehensive Income (unaudited)

## Ally Financial Inc. • Form 10-Q

(\$ in millions)	Three months ended		Six months ended	
	June 30, 2014	2013	June 30, 2014	2013
Financing revenue and other interest income				
Interest and fees on finance receivables and loans	\$1,124	\$1,139	\$2,231	\$2,274
Interest on loans held-for-sale	1	3	1	19
Interest and dividends on available-for-sale investment securities	93	76	188	144
Interest-bearing cash	1	2	4	5
Operating leases	884	788	1,754	1,522
Total financing revenue and other interest income	2,103	2,008	4,178	3,964
Interest expense				
Interest on deposits	166	162	329	326
Interest on short-term borrowings	13	16	28	32
Interest on long-term debt	549	703	1,083	1,404
Total interest expense	728	881	1,440	1,762
Depreciation expense on operating lease assets	509	499	1,051	934
Net financing revenue	866	628	1,687	1,268
Other revenue				
Servicing fees	7	19	16	101
Servicing asset valuation and hedge activities, net	—	(12)	—	(213)
Total servicing income (loss), net	7	7	16	(112)
Insurance premiums and service revenue earned	249	258	490	517
Gain (loss) on mortgage and automotive loans, net	6	(1)	6	37
Loss on extinguishment of debt	(7)	—	(46)	—
Other gain on investments, net	41	64	84	115
Other income, net of losses	69	74	136	231
Total other revenue	365	402	686	788
Total net revenue	1,231	1,030	2,373	2,056
Provision for loan losses	63	89	200	220
Noninterest expense				
Compensation and benefits expense	215	252	469	537
Insurance losses and loss adjustment expenses	188	146	256	261
Other operating expenses	418	403	809	961
Total noninterest expense	821	801	1,534	1,759
Income from continuing operations before income tax expense (benefit)	347	140	639	77
Income tax expense (benefit) from continuing operations	64	40	158	(83)
Net income from continuing operations	283	100	481	160
Income (loss) from discontinued operations, net of tax	40	(1,027)	69	6
Net income (loss)	323	(927)	550	166
Other comprehensive income (loss), net of tax	89	(181)	181	(498)
Comprehensive income (loss)	\$412	\$(1,108)	\$731	\$(332)

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 dollars)	Three months ended		Six months ended	
	June 30,		June 30,	
	2014	2013	2014	2013
Basic earnings per common share				
Net income (loss) from continuing operations	\$0.45	\$(0.24)	\$0.73	\$(0.58)
Income (loss) from discontinued operations, net of tax	0.09	(2.49)	0.14	0.01
Net income (loss)	\$0.54	\$(2.73)	\$0.87	\$(0.57)
Diluted earnings per common share				
Net income (loss) from continuing operations	\$0.45	\$(0.24)	\$0.73	\$(0.58)
Income (loss) from discontinued operations, net of tax	0.09	(2.49)	0.14	0.01
Net income (loss)	\$0.54	\$(2.73)	\$0.87	\$(0.57)

Refer to Note 17 for additional earnings per share information. The Notes to the Condensed Consolidated Financial Statements (unaudited) are an integral part of these statements.

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Condensed Consolidated Balance Sheet (unaudited)

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(\$ in millions, except share data)	June 30, 2014	December 31, 2013
Assets		
Cash and cash equivalents		
Noninterest-bearing	\$1,373	\$ 1,315
Interest-bearing	4,404	4,216
Total cash and cash equivalents	5,777	5,531
Investment securities	16,748	17,083
Loans held-for-sale, net (\$3 and \$16 fair value-elected)	3	35
Finance receivables and loans, net		
Finance receivables and loans, net (\$1 and \$1 fair value-elected)	100,778	100,328
Allowance for loan losses	(1,171)	(1,208)
Total finance receivables and loans, net	99,607	99,120
Investment in operating leases, net	18,814	17,680
Premiums receivable and other insurance assets	1,656	1,613
Other assets	6,758	9,589
Assets of operations held-for-sale	574	516
Total assets	\$149,937	\$ 151,167
Liabilities		
Deposit liabilities		
Noninterest-bearing	\$75	\$ 60
Interest-bearing	56,016	53,290
Total deposit liabilities	56,091	53,350
Short-term borrowings	6,369	8,545
Long-term debt	67,913	69,465
Interest payable	528	888
Unearned insurance premiums and service revenue	2,349	2,314
Accrued expenses and other liabilities	1,809	2,397
Total liabilities	135,059	136,959
Equity		
Common stock and paid-in capital (\$0.01 par value, shares authorized 1,100,000,000; issued and outstanding 479,773,353)	21,011	20,939
Preferred stock	1,255	1,255
Accumulated deficit	(7,293)	(7,710)
Accumulated other comprehensive loss	(95)	(276)
Total equity	14,878	14,208
Total liabilities and equity	\$149,937	\$ 151,167

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

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Condensed Consolidated Balance Sheet (unaudited)

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

(\$ in millions)	June 30, 2014	December 31, 2013
Assets		
Finance receivables and loans, net		
Finance receivables and loans, net	\$33,004	\$32,265
Allowance for loan losses	(211	) (174
Total finance receivables and loans, net	32,793	32,091
Investment in operating leases, net	4,147	4,620
Other assets	1,658	3,436